

**TOWARDS A PARADIGM SHIFT IN SOCIAL ENTERPRISE:  
TAKING THE MYSTERY OUT OF SOCIAL ENTERPRISE IN  
VOLUNTARY AND COMMUNITY SECTOR LOCAL  
DEVELOPMENT AGENCIES.**

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Doctor of Philosophy**

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## **ABSTRACT**

This thesis is a grounded theory study of Voluntary and Community Sector Local Development Agencies (LDAs) as they attempt to support groups who want to start a social enterprise. The research was informed by the work of an Action Research Group (ARG) which was undertaking action research into how to develop a regional infrastructure to support the development of social enterprise. This was distinct to the focus of this present research study - how to make social enterprise less mysterious for community development workers.

Two interview programmes were conducted. The first was completed between January 2000 and February 2001. This interview programme was conducted with grant funded service delivery organisations. A total of 27 interviews were conducted in this programme. The second interview programme was completed between March of 2002 and September of 2003. This interview programme was conducted with Local Development Agencies (LDAs). A total of 7 organisations were interviewed in this interview programme. In addition, data was collected from meetings of the Action Research Group (ARG). There were 10 members of the ARG. A full list of participating organisations can be found in Appendix I.

Data for this study was collected in the following ways: from interviews with grant-funded service delivery organisations; interviews with LDAs; notes of meetings of the ARG; materials produced by, the ARG. In addition, there was a heavy emphasis upon

analysis and theoretical memorandum writing by myself throughout the research project.

The theory of social enterprise - represented by a conceptual framework – was developed to guide community development workers in LDAs in adapting their practice from supporting grant funded service providers to advice for service providers who want to develop their organisation as a social enterprise.

Four preliminary concepts emerged from analysis of data collected for the study. Through further analysis the core categories, properties and dimensions of the framework emerge from the data. This is then critically reviewed in terms of advantages and limitations – by the Action Research Group.

The research has implications for practitioners of social enterprise support and implementation of policy around the reform of public services and the future of the voluntary and community sector, particularly LDAs.

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.

Last but not least thank you to my wife Doreen and my daughter Ellie for their love, understanding and support through the many hours when I have been absent or preoccupied with completing this work.

### **DEDICATION**

This work is dedicated to the memory of

Dennis Sydney Newis.

1926-1989

## **CHAPTER ONE**

### **Introducing The Research Project**

#### **1.1 Focus of the PhD Study**

This study is generally focused upon voluntary and community sector Local Development Agencies (LDAs) and is specifically focused upon how LDAs might incorporate social enterprise into the range of support services that they offer to grant-funded organisations. This would facilitate LDAs to move from just supporting grant-funded service provision organisations to assisting those organisations to become social enterprises – reduce their dependency upon grants and generate more income from trading. The research, however, does not commence with LDAs but with an interview programme with grant-funded organisations that were delivering services at a local level.

The research question emerged from this initial interview programme. In the course of conducting the initial interview programme, I gained two insights into grant-funded service delivery organisations. The first insight was that some of them wished to move away from grant funding to become social enterprises but did not know how to approach that move to social enterprise. The second insight was that there was a lack of appropriate business support to enable them to do so. At this stage I became sensitive to the inadequacies of the business support that was being offered by LDAs, including the LDA of which I was Chief Executive Officer.

During my research journey I became a researcher in an action research project that had been tasked by the project sponsors with creating a regional infrastructure for social enterprises across the West Midlands. This was called the Social Enterprise

Infrastructure (SEIP) and an Action Research Group (ARG) consisting of people with an interest in social enterprise, was formed by the project sponsors – West Midlands Social Economy Partnership (WMSEP) to guide and input into the research. I was a participant in both the ARG and the SEIP. My involvement in both of these groups informed the development of this research thesis.

While the focus of the ARG was to how to establish a regional support infrastructure, the focus of my grounded theory doctoral study was twofold. First how to identify appropriate business support for grant-funded service delivery organisations. Second, to develop a theory of social enterprise – by way of a conceptual framework – that would guide LDAs in moving service provision organisations away from grant funding towards social enterprise. However, at the beginning of my research journey this clarity did not exist and I did not fully frame the principal research question to be addressed, until I had conducted the first interview programme with grant-funded service delivery organisations and had carried out a grounded theory analysis of the data that was obtained from these interviews.

Prior to the submission of this thesis, I presented my research findings to a University Research Conference. This revealed many inadequacies in my ability to articulate the path of the research and I reviewed the text in the light of that feedback. Therefore Chapter One begins with an explanation of the context of the research in terms of the philosophical thinking I adopted as a researcher at the time the research commenced. This is followed by an outline of the processes and events that led to my study of this subject. Finally I outline how the research question was formed and how the research methodology – grounded theory - emerged from discussions with my supervisor. The

role of action research within the work is also discussed. The chronology of the research is then outlined. I begin with a context for the research project

## **1.2 The Context of the Research**

It has been recommended by Marshall (1981; Pedler, 1992; Salama, 1992) that the qualitative researcher should explain the philosophy underpinning their research study early on in the work, rather than requiring the reader to gather information about the stance of the researcher as they proceed through the work. In accordance with Marshall's advice I am revealing my research stance early in the work because it will provide a context for the research journey and to explain how I came to adopt grounded theory as the research methodology for this study.

This study had as its basis constructivist ontology; by which I mean that the research follows the position that knowledge is constructed by those who participate in social situations and who build new knowledge by reflecting upon their experiences (Allport, 1951; Pernod, 2002). This is to be contrasted with the objectivist view in which knowledge is there to be discovered by subsequent application of rational experimentation leading to replicable knowledge. In this view the researcher is objective and thus separate from the subject of the research rather than a subjective factor in the research, whereas in my case, I was very much a part of the research.

Following from the constructivist view of knowledge creation flows the epistemological view of reality taken in this current research project - an interpretivist approach to qualitative research study. In the interpretivist view there is no single truth to be discovered - but through interpreting the meaning of events an



understanding of the social world can be obtained (Robson, 2002). This philosophical position was my bedrock in what was otherwise a sometimes, bumpy intellectual journey.

### **1.3 The origins of the research project**

The research journey began in 1999 when my colleague Ranjit Bansal and I undertook a quantitative mapping of grant funded service providers in the Black Country (Newis, 2001, Bansal and Newis, 2000). The Black Country is an area to the South West of Birmingham in the West Midlands region of the United Kingdom. It consists of the Metropolitan Boroughs of Dudley, Sandwell, Walsall and the City of Wolverhampton. The original quantitative report, by my colleague and I, recommended that a wider qualitative study of social enterprise be undertaken. Further, it was recommended that this should be on a wider regional basis to examine how those organisations were or were not - moving to social enterprise and were or were not reducing their requirement for grant funding.

I then began, later in 2000 and into 2001 as part of this present study, to interview grant funded service delivery organisations to look at how they were or were not intending to reduce their reliance upon grant funding, in favour of moving to social enterprise and a higher level of earned income. Through grounded theory analysis of the data gathered through interviews with grant funded service delivery organisations, I arrived at a number of preliminary concepts which informed the development of a research question.



The original quantitative study by Bansal and Newis (2000) provided an example of what could be achieved by research. This coincided with my interviews with grant funded service delivery organisations and there followed an intense period of action research arising from a decision made by the Regional Development Agency (RDA) to research social enterprise.

The background to this decision was that following its election in 1997, the Government established RDAs in each of the English Regions. RDAs became responsible for regional economic planning and for the provision of business support. RDAs were also given responsibility for social enterprise in each of the English Regions by the Department for Trade and Industry (DTI). In the West Midlands region, the RDA decided to commission a three-year action research based study of social enterprise the results of which would be used to decide two outcomes. The first outcome was how to develop a regional support infrastructure. The second outcome was how to develop a knowledge base of best practice in supporting social enterprise.

This RDA initiative was funded from the Single Regeneration Budget (SRB) Round Six. I was heavily involved in this development being responsible for writing the application to the RDA for the funding to conduct the action research programme (£3.5 million) and then for forming the partnership – West Midlands Social Economy Partnership(WMSEP) – to manage the research programme and also assisting the body that was accountable for the SRB Funding – West Midlands Co-operative and Mutual Council Ltd (WMCAM).

As part of the SRB funded research programme – which was called – *Regenerating the West Midlands Through the Social Economy* - the organisation for which I work Co-operation Black Country (cbc) was commissioned to undertake what was called the *Regional Infrastructure Project*. As part of this project, an Action Research Group (ARG) was formed to contribute to the development of a regional infrastructure. This resulted in the research report, co-authored by my colleague Ranjit Bansal and myself (Bansal and Newis 2002).

The nature of Local Development Agencies (LDAs) is discussed further on in this work but to clarify the nature of the organisation at this stage, LDAs are local organisations – usually co-determinous with a local authority area – that support local voluntary and community sector organisations. Many but not all LDAs are Councils for Voluntary Service (CVS) or Voluntary Action - for example - Herefordshire Voluntary Action (HVA) and most are membership organisations. The services provided by LDAs include advice with legal and structural issues, charity law, human resource and personnel issues. At the time this current research started and throughout the development of this doctoral research study, LDAs were struggling to add social enterprise to the range of options they could provide to their members.

Following my interviews with grant-funded service delivery organisations in 2000 and 2001 I was able between 2002 and 2004 - through the Infrastructure Project - to interview community development workers and senior managers in Local Development Agencies to discover how they were engaging with grant funded service delivery organisations to reduce their dependency on grant funding and how social enterprise was to be part of that. Then - in 2003 - I was able to work with

Herefordshire Voluntary Action (HVA) who were attempting to develop a social enterprise support facility as part of their support for grant-funded service provision organisations. Most of these organisations were reliant upon grant funding for their continuation. It was at this stage that I became aware that for community development workers social enterprise was a mystery. I wrote a theoretical memo outlining how social enterprise was a mystery for community development workers working with potential social enterprises and suggesting that, as part of my doctoral study, I research this area independently but still linked to the ARG. The chronology of my research study was as indicated in Figure 1.



<b>Figure 1.</b>					
<b>Chronology of the Research Study</b>					
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Quantiative Study recommends further Study					
Initial interviews with grant funded Service provision organisations					
Regional Infrastructure Project					
Meetings with ARG					
Work with Herefordshire Voluntary Action					
Interview programme continues with focus upon					
Development of conceptual framework					
Testing of conceptual framework					
Evaluation of conceptual framework					

1.4 The Role of the Action Research Group

The role of the Action Research Group (ARG) changed throughout my research journey. Having undertaken qualitative interviews and grounded theory analysis of service delivery organisations in 2000 and 2001 the ARG was my main focus as I was working on the Infrastructure Project as a participating member of the ARG. As my research developed its focus upon LDAs, I repositioned the ARG and therefore action research from being the key driver for the doctoral research to being a part of this subsequent doctoral research study. The decision to reposition action research within the doctoral research study was taken because the ARG consisted of some of the



leading experts on social enterprise in the region and their thinking on social enterprise was an invaluable rich source of data. As a consequence of this repositioning of action research, the doctoral study moved from being action research *driven* to being a grounded theory study *informed by* an action research project in social enterprise.

Despite this change in emphasis, action research provided a major contribution to the ultimate findings of this doctoral research project, particularly in relation to the evaluation of the conceptual framework in 2004. It was then during the Infrastructure Project and working with HVA that I became aware of the specific issues that social enterprise presented for voluntary and community sector service provider organisations and LDAs. The issues being researched by the ARG between 2002 and 2003 – how to develop a regional support framework for social enterprise and how to establish a knowledge base of good practice – were linked to the doctoral research study but essentially independent of it. In the context of my doctoral study the ARG provided a source of data, insights and verification for the findings of my grounded theory research.

## **1.5 The Adoption of Grounded Theory**

When this doctoral study was commenced the focus was very much upon social enterprise as a new phenomena. However, the focus of the research shifted from being about social enterprise to being about how the voluntary and community sector – especially LDAs, could engage with service delivery organisations to enable them to become less reliant upon grant funding and more able to sustain themselves through trading and social enterprise activity. This change largely reflected the growing



influence of grounded theory upon the research study and upon myself as a researcher. The development of a theory of social enterprise flowed from my application of the grounded theory method of data analysis. This started with the generation and analysis of data, theoretical sampling, and the arrival at a theory of social enterprise that was then validated as being fit for purpose.

The co-founders of grounded theory are Barney Glaser and Anselm Strauss (1967).

Glaser describes grounded theory as:

‘The grounded theory approach is a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area.’ (Glaser, 1992:p16).

## **1.6 The Role of Experience and Insight**

Grounded theory is consistent with a constructivist and interpretivist philosophical assumption as it considers that the world is socially organised and constructed (Miles and Huberman, 1994). Grounded theory also recognises the role of the researcher in the research setting and - far from seeing this as a disadvantage - as would be the case in rationalist research - grounded theory sees the researcher as a critical observer in the research.

‘The root causes of all significant theorizing is the sensitive insights of the observer himself.’

(Glaser and Strauss, 1967: p251)

Grounded theory sees insight as a key area of theory generation. It is also seen that the researcher brings to the research situation, their own insights, which are generated by their own experiences, both in relation to the research and in relation to their lives. As Glaser and Strauss explain the researcher is able to:

‘Cultivate crucial insights during his research but from his own personal experiences prior to, or outside it.’  
(Glaser and Strauss, 1967: p252)

Insights come therefore from a variety of sources and accumulate into the experience of the researcher. This suggests that the life of the researcher and the research subject are merged, or that it would be preferable if that was the case. In the case of this research, I had particular insights into the social economy, gained from my experiences in the co-operative movement. I was also aware of the potential conflict between the voluntarism and charity of the sector and the claims to self-help and mutuality of the co-operative movement. I was aware of a negative message underlying the strategy of reducing the reliance on grant funding that the voluntary and community sector did not “stand on its own two feet” or “wash its own face”. I was anxious that these potential biases did not transfer to the research.

Haslam (1999) recommends three strategies for coping with insights and experiences, which I employed to assist me in working through my insights on the subject matter. The first of these was to be aware of my potential biases and to use them to deepen inquiry. The second was to write them down. This I did by extended theoretical memos that referred to the development of both the voluntary sector and co-operative and mutual sector. The third recommendation is to be sensitive to data that is open to

interpretation. Additional questions can be asked of vague data to elicit the intended meaning. The fourth strategy to deal with insights and experiences was to use them as data and to use memos to provide a counter balance to other forms of data. This has been undertaken rigorously throughout this research.

## **1.7 Arriving at the Research Question**

As I have stated previously, at the time I conducted the interviews with grant funded service delivery organisations, I did not have a firm research question but rather an area of interest, namely that of moving from grant funding to social enterprise. This was essentially about how service providers could move from grant dependency to social enterprise. The interview programme provided me with a number of preliminary concepts or conclusions about grant funded service delivery organisations and what type of support they would need to receive to move away from grant dependency and towards social enterprise.

My involvement with Herefordshire Voluntary Action (HVA) took me in another direction relating to how Local Development Agencies (LDAs) found social enterprise so mysterious and different to community development work. The research question arrived at was:

**What theory of social enterprise would assist Local Development Agencies to support grant-funded service delivery organisations to move away from grant funding and towards social enterprise?**

## **1.8 Conclusions to Chapter One**

I have in this Chapter attempted to set out how the research came about and to put the research into a context in terms of the role of the ARG, of action research and how the emphasis of the doctoral study changed as I went deeper into the topic. I have also attempted to provide a chronology for the research journey. I have then gone on to outline the adoption of grounded theory and to describe how my own insights and experiences informed the research. Finally, I have outlined the research question and how this was arrived at from the interview programme with grant-funded service delivery organisations.

In a grounded theory research study, literature is analysed as a source of data and is analysed just as data gathered through interviews is analysed. However, Chapter Two is concerned with an exploratory literature review of the voluntary and community sector and social enterprise. This was undertaken as an exercise to pin down the issues that were pushing LDAs towards social enterprise and away from grant funding.



## **CHAPTER TWO**

### **Exploratory Literature Review**

#### **2.1 Introduction to Chapter Two**

In a grounded theory study, literature is treated as existing theory and is used for comparison with theory emerging from the analysis of data, collected and analysed throughout the study. Given that social enterprise was a new concept in the public domain - the impact of which upon the voluntary and community sector was largely untested, I decided to conduct a preliminary literature review. This focussed upon the controversies and consensus that existed around one underlying factor impacting upon both service provision organisations and LDAs alike. This was the long-term decline in charitable giving and topics specifically related to grant-funded service providers, LDAs and social enterprises as individual but linked organisations.

#### **2.2 The Long-term Decline in Charitable Giving**

Alongside the pressures upon the voluntary and community sector to play a part in the reform of public services, was also a long-term trend in the decline in giving to charity, among the population. This could be partly explained by the National Lottery creating the impression that the sector was fully funded (NCVO, 2001). The UK Voluntary Sector Almanac for 2002, published by the National Council for Voluntary Organisations, documented the periods of growth and decline in giving to charitable organisations. Between 1991 and 1994 there was growth in the sector of 4%. This was accounted for by income from government for delivering services and a return on investments, due to the boom in stock market prices at the time. This period was followed by a decline in growth to 2.8% between 1995 and 1997. Between 1998 and 2001, growth in funding has continued to decline to an average of 1.9% per annum.



The Institute for Philanthropy has put forward the idea that the decline in the growth of income to the charitable sector from giving, presents an opportunity for more commercial activity within both service provision and LDA organisations (Hems 2001). Hems suggests that the legislative and regulatory provision presents difficulties for voluntary sector organisations to take forward strategies for growth. Particularly, charities are prohibited from utilising debt financing, secured on assets of the organisation, without specific authority from the Charities Commission. Community Interest Companies, the Government's preferred structure for social enterprises, are not limited by any of these constraints associated with the voluntary charitable organisations (Hems, 2001).

### **2.3 Service Provision Organisations**

While the long-term decline in giving impacts upon both service provision organisations and LDAs there are issues that are specific for service provision organisations. The literature on the voluntary and community sector divides into two categories - that of grant-funded service providers and those organisations that offer support to the sector – such as LDAs. The literature in this exploratory literature review is reviewed within the definitions of those two types of organisations.

**Service Delivery** – ‘Public services are defined as services that are wholly or partly funded, now or in the future, from the ‘public purse’ (money raised through taxation)’.

(HMSO, 2005: p8)

**Local Development Agency**– ‘A voluntary organisation whose work is mainly concerned with supporting and/or representing other voluntary organisations, or is concerned with the development of the voluntary sector in general, or a specific part of it’

(Morgan and Taylor, 2005: p3)

If one traces the history of charitable works, it is possible to go back to medieval times in relation to the provision of services by organisations funded either by grants or by charitable donations (Hudson, 1999). However, the genesis of the modern voluntary and community sector is more closely associated with the period after World War Two. Prior to the establishment of the National Health Service (NHS) in 1948, the voluntary sector provided a range of health related social services. After the introduction of the NHS, large organisations such as the National Society for the Prevention of Cruelty to Children and Doctor Barnardos grew dramatically throughout the 1950s and 1960s (Kramer, 1986; Handy, 1988).

The Wolfenden Report of the 1970s placed the voluntary sector as one of four sectors, in relation to what was termed the mixed economy of welfare provision (Harris, Rochester and Halfpenny, 2001). The other sectors were: the public sector, private sector and central government. The publication of the Wolfenden report coincided with the election of a radical Conservative Government in 1979. The development of a mixed economy of welfare service provision was a key plank in the programme of the Conservative Government, as it continued to roll back the provision of the welfare state (Harris, Rochester and Halfpenny, 2001). Voluntary sector organisations accepted a role within the mixed economy and very quickly became mainstream providers of services (Billis and Harris, 1976).

The Conservative Government considered that the market should be the ultimate arbitrator in terms of the relationships between the sectors in the mixed economy of welfare provision (Harris, Rochester and Halfpenny, 2001). The strategy of the Conservative Government was to expose the public sector to the forces of the market

and the voluntary sector moved from pressure to be like the public sector to being required to be more like the private sector in terms of its commercial acumen and the level of competency in its management (Taylor, 2000).

In recent times, the voluntary sector, along with the small business sector, have been considered to be the two most vibrant areas of the national economy (Connarty, 1996). The voluntary sector also employs more people than the car and coal industries put together and makes a contribution to GDP in the UK in excess of that of British agriculture (Connarty, 1996). In each year since 1995, 4,000 new charities have been registered (CAF, 1997).

Since the election of New Labour in 1997, there has been an extensive and on-going debate around the role of the Voluntary and Community Sector in the provision of services. A chronology of policy drivers impacting upon the Voluntary and Community Sector that dates from the election of New Labour in 1997 begins with the work of the Social Exclusion Unit – *Bringing Britain Together: a national strategy for neighbourhood renewal* (HMSO, 1998). In this document, the improvement of service provision in deprived communities was highlighted as being of potential importance in combating social exclusion. Improving public services therefore is intertwined with the future development of the voluntary and community sector from this point on.

Making the Voluntary and Community Sector more effective in providing public services has therefore been a constant theme throughout the last eight years. Two further consultative documents appeared in September of 2002. One from the Cabinet



office – *Private Action, Public Benefit* - (HMSO, 2002) which was a review of legislation around charities and aimed to enable the sector to achieve its potential. This document did not specifically state that the intention was to enable the sector to deliver services more effectively, but there was a definite subtext around improving the effectiveness of the sector. At this point government began to consult upon a new legal structure for service provision organisations - community interest companies (CICs). The second document was produced by Her Majesty's Treasury – *The Voluntary and Community Sector – A Cross Cutting Review*. As well as also focusing upon service delivery, this review was concerned with the wider range of activities in which the voluntary and community sector was involved. Particularly, the importance of volunteering itself and also the support provided for voluntary and community sector organisations by Local Development Agencies.

The National Council for Voluntary Organisations (NCVO) which represents voluntary organisations has been careful not to position the voluntary organisations in the front line of service provision, preferring instead to refocus upon the traditional role of voluntary organisations in relation to volunteering and citizenship. NCVO also fears that moving to service provision may restrict the independence of voluntary and community sector organisations, while others believe that independence could be achieved through contracting for service provision, rather than being in receipt of grants (Bull and Crompton, 2005; NCVO, 2001).

The Government strengthened its commitment to involving the voluntary and community sector in service provision by following up the consultation around the two previously mentioned documents with the publication of a second consultative



document in the Fall of 2002. This was again from Her Majesty's Treasury – (HMSO, 2002). This document was more specific on the subject of the Voluntary and Community Sector and the provision of services. The Treasury document gave lead responsibility for the implementation of the recommendations of the Cross Cutting Review to the Active Communities Unit (ACU) of the Home Office (pp 31) and established *Futurebuilders* - an investment of £125 million into service provision organisations within the Voluntary and Community Sector. This document also highlighted that support for service provision organisations, particularly small and medium sized ones, found it difficult to access support. (HMSO, 2002).

Although at this stage, *Futurebuilders* was established specifically for service provision organisations and the need for improved infrastructure had been established, a consultative document relating to infrastructure organisations did not appear until September of 2003 (HMSO, 2003). This review was published by the ACU and established a framework for the development of LDAs, specifically for the purpose of improving support to service provision organisations. Funding for the improvement of infrastructure organisations was launched in 2004 and established *Changeup* as the funding mechanism for improving infrastructure organisations. With the establishment of *Futurebuilders* and *Changeup*, government have signalled that LDAs and service provision organisations have separate but interdependent needs.

## **2.4 Local Development Agencies**

In the 1980s Local Development Agencies (LDAs) became involved in community development and regeneration (Osborne and Ross, 2002). Since the mid 1980s, regeneration policy has been predicated upon the concept of partnership (Osborne and

Ross, *ibid*). The concept of partnership has brought the voluntary sector to the table as a partner in regeneration schemes. This has led to a wider remit for LDAs in delivering regeneration programmes, in local communities, in addition to their traditional role of supporting the development of service provision organisations.

Between 1995 and 2003 the main source of funding for regeneration was the Single Regeneration Budget (SRB) and provided a wider role for LDAs in capacity building. Capacity building sought to enhance the ability of local communities to participate in the decision –making processes around regeneration and to access services. Capacity building services include: information and communication technology (ICT) training, networking and support, governance, influencing and advocacy and the support for the development of social enterprises (HMSO, 2001).

Between 1996 and 2003 there were six annual rounds of SRB during which LDAs established their position in securing continuation funding for community based projects, from one round of SRB to the next. However, at the time of this research study, SRB funding had recently come to an end and a question mark hung over how the voluntary and community sector would be funded in the future (Taylor, 2002). The implications of this change were significant and contributed to the LDAs exploring social enterprise as an option for sustaining their activity beyond grant funding. Throughout the life of this research project the environment in which LDAs operate has continued to develop in challenging ways.

The two representative bodies for LDAs are: the National Association of Councils of Voluntary Service (NACVS) – which specifically represents LDAs to national and local government and the Association of Chief Executives of Voluntary Organisations

(ACEVO) – which represents senior officers in the larger voluntary organisations, in both service provider organisations and LDAs. NACVS assessment of the situation is that whereas Councils for Voluntary Service (CVS) were once the only provider of local development, there was now a growing number of specialist LDAs for specific groups – such as Black and Minority Ethnic organisations - and also a growing number of specialists such as community accountancy firms (NACVS, 2005).

ACEVO however, is much more enthusiastic about the prospects of voluntary sector organisations having a more active role in service provision and sees the potential in terms of removing what it considers to be the six barriers to a greater role in service provision by the voluntary and community sector. Most significant of the barriers perceived by ACEVO is the tentative nature of funding to the sector largely based upon one-year contracts. ACEVO makes the point that partnerships with the private sector involving Private Finance Initiatives are up to twenty-five years in duration. Other barriers include the stereotyping of the sector as not being truly professional but amateur. ACEVO sees social enterprise as having a large role to play in addressing many of the barriers to greater service delivery (ACEVO, 2003).

## **2.5 Social Enterprise**

I begin this section with an overall look at the literature on social enterprise before linking it to the work of LDAs. Again the section begins with a definition of a social enterprise provided by the Department of Trade and Industry.



## **A Definition of Social Enterprise**

‘A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profit for shareholders and owners’.

(HMSO, 2002: p5)

This definition was devised by the Social Enterprise Taskforce, of the Department of Trade and Industry, which was convened in the October following the general election of 2001. I was fortunate to be asked to serve on the Taskforce and to be a member of the Research and Mapping Sub Group of the Taskforce.

As with reform to the voluntary and community sector, the development of social enterprise as a concept can be traced to the election of a Labour Government in 1997. Up until that time, social enterprise in the UK had been seen as a component of Community Economic Development (Haughton, 1998). The term social enterprise could be substituted by community enterprise and community business. There was no defined differentiation between the models. As a consequence of being part of community economic development, literature relating to social enterprise tended to be concerned with raising awareness of the concept of social enterprise and to show how social enterprise was linked making the voluntary and community sector more enterprising. McArthur (1986) suggested that literature on social enterprise was enthusiast led rather than critical or evaluative.



As a new form of organisation at the time this research study commenced, social enterprise was the subject of advocacy rather than critical examination. Much of the literature explained that social enterprise could achieve certain desired outcomes. The first of which was that of Empowerment which advocated the use of social enterprise as a way of empowering local communities (Knevitt, 1986, Hart and McFarlane, 1999, Atkinson, 1999). Another desired outcome that social enterprise was said to achieve was that of being an exemplary way of organising in which a variety of structures, legal entities and examples of practice were identified (HMSO, 1998; Knevitt, 1986; Social Enterprise London, 1999).

A further desired outcome present in the literature on social enterprise was that of the community based action in which local communities and organisations examine the potential for social enterprise to contribute to economic regeneration at a local level (Carter, 2000; Severn, 1999; Connarty, 1996; Alter, 2003). The fourth and final desired outcome was that of increasing the critical mass (Newis and Bansal, 2000; Morrison and Maud 1998; Westall, 2001) in which the impact of existing social enterprise is evaluated in terms of the numbers of social enterprises, the jobs created and the value of the turnover of each business.

In terms of the structure of the literature there was a heavy emphasis upon identifying the problem within a particular locality (Morrison and Maud, 1998; Westall, 2000; Friedland, 2000). The problems could range from lack of employment opportunities, low educational attainment, drug problems and a lack of amenities. This was followed by case studies that indicated how social enterprises overcame the identified local problem. Knevitt (1986) for example, perceives social enterprise as a vehicle for

creating spaces in which small community businesses may be started, where communities may be developed and jobs created.

‘Social Enterprise is one of the most significant trends of recent years, as people take more pride in their neighbourhoods and more control of their own lives.’

(Knevitt 1986: p21)

There was also within the literature a heavy emphasis upon the identification of future potential of social enterprises to contribute to future regeneration initiatives. Case studies also identified the critical mass of social enterprise in a particular geographic location (Knevitt, 1986) or within the scope of a particular sector (Spear, et al, 1994; Gaskin and Vincent, 1996).

An article written by Jonathan Friedland (Friedland 2000) in the Guardian (September 23<sup>rd</sup>, 2000) looked at a service provision organisation on the Wrens Nest Estate in the Dudley area of the Black Country, West Midlands. I had worked with both of these organisations – Wrens Nest Food Co-operative and Dudley Community Care - over a number of years. It was therefore instructional for me to see how a well-known journalist such as Friedland interpreted what was happening on the Wrens Nest Estate. Friedland pointed to the extent of self-help and mutuality demonstrated by these initiatives and suggested that it represented a resurgence of people *collectivizing* after the individualism of the Thatcher era.

Both the Knevitt and Friedland examples inferred that social enterprise could be described as encompassing the principle of a *bottom up* approach to service provision. This is also described as a localised approach (Carter, 2000). Across the exploratory literature on social enterprise there was a clear focus upon local service provision

organisations and implications for LDAs. At this stage in the exploratory literature review I wanted to bring together grant funded service delivery organisations, LDAs and social enterprises, into a clearer focus that would inform the further development of this doctoral research study.

## **2.5 How Social Enterprise Links to Service Provision Organisations and Local Development Agencies (LDAs)**

In 2002, the Strategy Unit of the Prime Minister's Office produced a Review of the Voluntary and Community Sector: *Private Action, Public Benefit, A Review of Charities and the Wider Not for Profit Sector* (HMSO, 2002). This was a wide-ranging review of the sector, examining the charitable and voluntary sectors and making far reaching recommendations regarding: legal structure; charitable law; and mergers between major charities. Key among the recommendations was for the not for profit sector to improve its ability to raise income that was not grant aided.

‘Many social enterprises see themselves as distinct from charities, the latter having traditionally relied on donations and grants. However, as charities become more commercial and entrepreneurial, many now consider themselves to be part of the social enterprise sector.’

(HMSO, 2002: p 51).

This report linked social enterprise with the activity of both service provision and LDA activity and saw social enterprise – by way of trading activity and greater commercialism as factors being desirable for these organisations to adopt. As such the report saw social enterprise as providing a challenge, but also recognised that social

enterprise – as being more business like and adopting social values rather than the need to make profits for owners or shareholders as being a potential model for improving service delivery.

‘The aims of social enterprises are social rather than to make profits for owners. What they do falls between the charitable and the commercial – a middle ground which is at present poorly recognized.’

(HMSO, 2002: p 52).

From the perspective of both service provision organisations and LDAs this report was profound in terms of the extent to which social enterprise was highlighted throughout the report and was seen as being a key to the reform of the charitable and voluntary sector, particularly in facilitating a move from grant dependency to sustainability through trading and improved commercialism. At the time this doctoral research study began the desire of government to see more social enterprises being established within the voluntary and community sector along with the decline in charitable giving and the reform of public services put enormous pressure upon LDAs.

There was an increasing demand at a local level for LDAs to be able to provide advice to grant funded service provision organisations on how to begin to establish a social enterprise. Echoing the stance of ACEVO previously explained, social enterprise was seen as having the potential to improve the performance of the voluntary and community sector, while retaining its commitment to social values and at the same



time, reducing the requirements for grant funding by earning a greater share of its income from trading activity.

The situation at the beginning of this doctoral research study was that LDAs in the West Midlands were not able to respond to enquiries for information on social enterprise. Further work with Herefordshire Voluntary Action showed that community development workers within LDAs – who were well used to supporting grant applications and providing a wide range of training for voluntary and community sector organisations - found social enterprise to be *mysterious*. (Sanzeri and Newis, 2002).

## **2.6 Conclusions to Chapter Two**

In this exploratory review of the literature I have attempted to explore the issues facing both grant-funded service provision organisations and LDAs and to link that to social enterprise. I have also outlined the pressure under which LDAs were placed to adopt social enterprise within their range of services to the voluntary and community sector. In doing this I have attempted to outline the key areas upon which the doctoral research was focused and the controversies in the existing theory that underpinned the need for me to investigate social enterprise from a qualitative and interpretivist perspective.

Peter Reason (1989) has commented that all research begins with a feeling of dissatisfaction with the status quo. At the time I began this research I identified the status quo as consisting of three factors.

Firstly, the voluntary organisations were in need of support that would enable them to move towards sustainability, reduce the dependency on grants and move towards becoming social enterprises (Bansal and Newis, 2000). Secondly, the understanding among LDAs was very much focused upon the continuation of grant funding, rather than upon how to reduce the dependency on grants. Furthermore, social enterprise was considered to be a mysterious and challenging area for LDAs. Thirdly, there was no process established for engaging with organisations, to find out how to address one and two above. Overall, there was, I perceived, a lack of theory that could guide LDAs in assisting service delivery organisations to move to social enterprise.

The situation also put pressure upon this doctoral research study to be able to – if possible - contribute a replicable model or process that LDAs could adapt for their own use, which would enable LDAs to support social enterprises as part of their work. My research objectives in answering this question were to generate a theory of social enterprise that would reveal new insights into social enterprise - thereby enabling development workers in LDAs - as practitioners of social enterprise development - to adapt their practice in a responsive way. The second purpose of theory generation, was to also lay the basis for on going research that would promote ongoing change in the practice of social enterprise development.

The third objective was to lay the foundations for a community of practitioners of social enterprise support, drawn from voluntary and community sector and dedicated support organisations. The evidence from this exploratory literature review also showed that there was a lack of theoretical and academic research upon social enterprise. It was therefore as important to address the research from an academic and

theoretical perspective as it was to find a practical answer to the research situation. The next section discusses how the research methodology and the methods used were selected to address the research question and achieve the research objectives.

## **CHAPTER THREE**

### **Arriving at a Research Methodology**

#### **3.1 Introduction to Chapter Three**

As stated previously, at the very beginning of the study, I intended that the Action Research methodology would be the most appropriate research method to achieve the research objectives. However, I soon became aware that in a situation in which there was a lack of any existing meaningful theory of social enterprise to inform the design of the research design and process, an inductive grounded theory methodology would be most appropriate for collecting and analyzing the data, generated by my qualitative research study. As the work developed I reassessed the relationship between grounded theory and action research within the research study. Through a process of memo writing it became evident to me that much of the early action research was pointing in the direction of grounded theory analysis, as it was very much concerned with the meaning of social enterprise. Meaning was to be devised from interviews – which would be analysed using grounded theory. In addition, participants in the ARG would also provide meaning as expressed through their deliberations: thus providing an additional rich source of data.

Arriving at the choice of grounded theory as the most appropriate methodology for the conduct of this doctoral study was part of my research journey. However, action research had up to that time played a key role in motivating this study doctoral research study. Therefore, within this Chapter there is an appraisal of action research. The Chapter then focuses on a discussion of the differing theoretical perspectives on research



methodologies through which I worked to arrive at my research methodology. There then follows a section seeking to locate the research methodology of Grounded Theory within the spectrum of qualitative research methodologies. However, I begin with an evaluation of qualitative research methodologies before going on to explain the procedures of Grounded Theory and how they were to be employed in this research study.

### **3.2 Why this is a Qualitative Research Study**

I begin with an explanation of why this is a qualitative rather than a quantitative research study. In doing so it is not intended to argue that quantitative research is any less valid than qualitative research (Goulding, 2000). A qualitative approach was employed for this research study because a quantitative study of social enterprise had previously been undertaken into social enterprise in the Black Country. (Bansal and Newis, 2000). This quantitative study had not provided the insights into the qualitative aspects of grant-funded service delivery organisations and how (if at all) they were approaching the objective of reducing their reliance upon grant funding and adopting social enterprise. Essentially, all the quantitative research had revealed was that in 1999, 56 social enterprises in the Black Country area; employed 300 people and had a combined turnover of £3 million (Bansal and Newis, 2000).

These findings mapped social enterprise in the Black Country, and were considered by LDAs in the area to be useful in providing a sketch of the critical mass of social enterprises in this part of the West Midlands Region (Westall, 2000). However, I considered, the quantitative data did not focus upon how the organisations interviewed

were - or were not - moving away from grant funding to become social enterprises. Also the quantitative study did not provide for a conceptual framework of social enterprise that could guide LDAs to support the move from grant funding to social enterprise. This conclusion indicated situations where a qualitative study would be more appropriate to a setting in which establishing the meaning of moving away from grant funding would be important in deciding how organisations could best approach this issue. Cresswell (1998) defines the key differences between quantitative and qualitative approaches as:

‘Quantitative researchers work with a few variables and many cases whereas qualitative researchers rely on a few cases and many variables.’

(Cresswell, 1998: p16)

I was aware that in adopting a qualitative research method I was therefore rejecting a quantitative research method and that this could be said to constitute a theoretical choice (Silfe and Williams, 1995) implying that one is more appropriate than the other. Having made this theoretical choice the choice then has to be explained. There should also be a demonstration in the work of what each methodology involves (Goulding, 2000). As Silfe and Williams (1995) have stated:

‘In sum then we cannot escape theories and ideas through science. If theories and ideas are speculative guesses about the world, then scientific method is itself a speculative guess about how one gains credible knowledge, because method is also a type of theory.’

(Silfe and Williams, 1995: p6)

Therefore, in adopting a qualitative research method with which to research, I was speculating that it was the most appropriate way to answer the research question and meet the research objectives (Silfe and Williams, 1995). I reflected that this would have been the same position had I concluded that a quantitative approach for the study was more appropriate. I was also aware that the choice of method itself could not be scientifically validated as the correct course of action and therefore the ideas underpinning the qualitative approach should be explained. In addition, in choosing a qualitative and interpretive research methodology it was necessary to be aware of my own humanism in conducting research (Reason, 1989; Marshall 1989); Silfe and Williams (1995) put the position as follows:

‘The data that result from method are interpreted by and must be interpreted by warm, soft human beings, who have biases and beliefs about the world that cannot be avoided’

(Silfe and Williams 1995: p6)

In the position of Silfe and Williams the researcher is part of the social setting in which the research takes place and the meanings extracted from the analysis of data are contextualised within the social setting in which they are discovered. This is in direct contrast to the positivist paradigm which insists that the researcher is separated from the subject under discussion (Cresswell, 1998). In order to position my choice of research methodology I want to critically examine the positivist paradigm in greater detail.

### **3.3 The Positivist Paradigm**

The philosophical theories that underpin social science research methods have long been dominated by the positivist paradigm (Toulmin, 1990; Hassard, 1993; Cassell and Symon, 1994; Silfe and Williams, 1995; Boje, 1996, Leonard 1997; Gergen, 1996). Through positivism, social science research became dominated by the quantifiable testable methods (Scrutton 1999). Positivism borrows heavily from the rationalist views of natural science. In the rationalist view of research progress is uninterrupted in its search for objective truth (Harre, 1991, Cresswell, 1998). For Harre (1981) the positivist tradition is based upon the assumptions that it is possible to discern structure in the actions of those being observed and that there is an assumed link between the meaning of language and experience.

In addition Harre (1981) suggests that there is a theory of causality which links the observable into a progressive chain of events in one event causes another, leading to successive and progressive rounds of investigation in scientific research. Through the application of these assumptions progressive and incremental achievement is made in the realm of positivist science.

### **3.4 A Critical Examination of Positivism**

Consideration of the positivist paradigm reveals the attachment of positivism to the physical sciences (Goulding, 2000). The idea of continuous progress in social sciences has been severely criticised, (Kuhn 1970; Argyris, et al, 1985, Rorty, 1993; Hassard,



1993; Atkinson and Hammersley, 1995). Kuhn (1970) argues that far from being a rational progression towards truth, normal science is a series of revolutions, in which one particular paradigm is replaced by another.

‘That is why a new theory, however special its range of application is seldom or never just an increment to what is already known.’

(Kuhn, 1970: p 71)

There are other criticisms of positivism, such as that of Cresswell, whose criticism is that positivist approaches to research prevent the voices of excluded groups breaking through. Given that later in this work social exclusion emerges as a preliminary concept, I was interested in Cresswell’s association that positivism excludes the voices of minority opinions. This further reinforced my confidence in a constructivist and interpretivist approach to my research. Many writers who advocate qualitative approaches to research methods draw the conclusion that qualitative research is a break with positivist approaches to research (Cresswell, 1998; Locke 2001; Goulding, 2002). Cresswell (1998) defines qualitative research as:

‘Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting.’

(Cresswell, 1998: p5).

### **3.5 Constructivist and Interpretive Approaches to Research**

Criticism of positivism challenges the ontological claim that the social world conforms to the positivist claims of the scientific world. Rather, the qualitative researcher adopts an ontology in which reality is socially constructed and in which the researcher adopts an interpretivist view of the world (Denzin, 2002). Also in positivist research, the researcher claims to be objective, in that they are remote from the research situation, whereas the interpretivist researcher is subjective, or part of the fabric of the social situation (Cresswell, 1998).

To explain the role of the researcher more fully, I now look at two particular qualitative approaches to research which have at their basis an underpinning constructivist and interpretivist paradigm. In doing so I am aware that these are not the only constructivist and interpretivist research methodologies. They are however, the two research methodologies that contributed to my research journey and the thinking that underpins this research work. I have, therefore, chosen phenomenology and ethnography to exemplify the constructivist and interpretivist approach to research because these research methodologies are in themselves research paradigms (Goulding, 2000). Also, the philosophical tenants of phenomenology and ethnography underpin the choice of research methodology - Grounded Theory. Additionally, both phenomenology and ethnography recognise the subjective nature of the researcher in the research situation. (Cresswell, 1998).

### 3.6 Phenomenology

In phenomenology, the researcher enters the field with an a priori philosophical position that gives prominence to the meaning that individuals ascribe to their experience. The goal of phenomenology is to enlarge and deepen understanding of the immediate experience, or:

‘the meaning of the lived experience’

(Cresswell, 1998: p81).

The development of phenomenology is attributed to the work of Edmund Husserl whose intention was to develop a system for classifying and describing human experience as lived in the world (Goulding, 2002). This has strong links with the existentialist movement in Europe, through Heidegger (1955); Sartre (1943) and Merleau-Ponty (1945). Husserl’s epistemology considered that the experience of the person could be understood through the objective observation of the observer. Key to this was that the preconceptions of the observer should not impact upon the observation (Pietersma, 2000).

‘The phenomenological theorist describes or articulates cognitive experience from the standpoint of the cognizer, thinking of it as though it were her own, imagining it as if it were herself who actually had it.’

(Pietersma, 2000: p 36)

The way in which the beliefs of the cognizer (or researcher) are defined as:

‘As an actual person, the phenomenologist of course, has her own convictions about what exists and does not, but her phenomenological approach demands that they should not play a role in the way she describes the cognitive experience under discussion.’

(Pietersma, 2000: p 36)

Husserl developed the epistemology to reduce the impact of the researcher’s convictions and beliefs, while recognising that there was a metaphysical aspect to human behaviour, represented by belief and conviction (Pietersma, 2000). Husserl developed the control of the metaphysical aspects through the development of transcendental phenomenology, in which the beliefs of the researcher are “bracketed out” of the cognitive knowing (Cresswell, 1998). For Husserl, the human researcher is basically a knower or interpreter of experience (Pietersma, 2000).

Phenomenology was further developed by Martin Heidegger (Goulding, 2002; Pietersma, 2000). However, Heidegger concentrated in his phenomenology on the ontological relations between the individual and their being in the world, rather than their experiencing the living world, cognitively, as propounded by Husserl. The methodological properties of phenomenology were further developed by Schutz (1966) (Goulding, 2002) who proposed that the life world is an essentially social world which is made up of constructs and categories that are derived through social action. In this perspective the researcher is looking for the essence of structure in human experience (Cresswell, 1998).



This was further developed by the Chicago School and developed as ethno methodology. Phenomenological research concentrated upon how individuals make meanings from their every day lives. Central to the development of phenomenology is language and the analysis of units of every day talk (Cresswell, 1998). Phenomenology has been embraced as an interpretivist research philosophy and method and is also able to look critically upon the conscious human experience rather than being concerned with the subconscious motivation (Goulding, 2002).

In phenomenological studies the researcher identifies their beliefs and convictions before entering the research field. As previously mentioned in Chapter One, this is very much in line with the role of insights in grounded theory, where the researcher realises their existing position in relation to the research subject. However, in Grounded Theory it is not thought necessary to bracket out ones prior insights and experiences but to realise that they exist. The writing of memos alongside the gathering and analysis of data contributes to the identification of these experiences and captures them as a source of grounded theory insight.

### **3.7 Ethnography**

Ethnography is defined as the description and interpretation of a cultural or social group or system (Atkinson, 1992; Fetterman, 1989; Cresswell, 1998). As such it is concerned with examining power and conflict within social systems and organisations (Goulding, 2002). In the ethnographic tradition of research the methodology impacts upon the

research process and shapes the process as the research develops (Cresswell, 1998).

There is a rich theoretical tradition of ethnographic research which successive generations of ethnographers have developed.

There are two main theoretical concepts of culture. Firstly, the concept of ideational theories in which cultural change is a result of interactions and ideas. Secondly, there are materialistic theories which ascribe material conditions – wealth, modes of production are the prime change agents of culture within society (Cresswell, 1998; Robson, 1999). For Robson (2002) the theoretical basis of ethnography is more open to change throughout the development of the research process.

‘The central focus of your study and detailed research questions will emerge and evolve as you continue your involvement. A priori theoretical orientation and initial research questions are not ruled out, but you should be prepared for these to change.’

(Robson, 2002: p 188)

In the ethnographic research context, as in phenomenology, the researcher recognises that they are part of the research situation and suspends their beliefs before commencing the research (Fetterman, 1989; Mieniczakowski and Morgan, 2001). Both phenomenology and ethnography exemplify the interpretivist approach to qualitative research. In positivist research, the researcher seeks to confirm a hypothesis or theory about a subject.

An interpretivist approach to research methods seeks to explore the subject of the research and to discover patterns in the data (Denzin, 2002). In the positivist paradigm

there is an emphasis upon experimentation and the use of the laboratory. In the laboratory, key variables can be understood and can be controlled. Interpretivist, exploratory research is conducted within the field and context in which the ability of the researcher to control variables is severely limited. Both phenomenology and ethnography share many features with the Grounded Theory approach to constructivist and interpretivist research.

### 3.8 Grounded Theory

Grounded Theory is a qualitative research method in which theory emerges from the research activity of collecting and analysing data before using theory. This is fundamentally opposed to the positivist tradition of making theory and testing it through hypothesised research (Cresswell, 1998). For Robson (1999) grounded theory is distinctive as a research method because it:

‘seeks to generate a theory which relates to the particular situation forming the focus of the study. The theory is “grounded” in the data obtained during the study, particularly in the actions, interactions and processes of people involved’.

(Robson, 1999: p192).

Grounded theory is attributed to the work of two American sociologists – Barney Glaser and Anselm Strauss. (Cresswell, 1998; Locke, 2001; Goulding, 2002; Robson, 2002). The development of grounded theory was a response to what was the dominant sociological doctrine of the 1960’s that research should have an a priori theoretical direction (Robson, 2002). Its applicability - Robson (2002) states - is:

‘It has proved particularly attractive in novel and applied fields, where pre-existing theories are often hard to come by.’

(Robson, 1999: p192).

### 3.9 Symbolic Interactionism

Glaser and Strauss based grounded theory upon the symbolic interactionism of Herbert Blumer (Goulding, 2002). Blumer took the premise of symbolic interactionism from the work of Charles Cooley – *The Looking Glass Self* (1902) and George Herbert Mead – *Mind, Self and Society* (1934). In both of these works the authors who were pioneers of symbolic interactionism sought to counteract the psychological approach, which stated that research must be predicated upon assumptions and is understandable in generic, logical and neurological terms (Dick, 1999a; Goulding, 2003; Locke, 2001).

Both authors sought for a pragmatic response to the a priori theory raising that dominated social science research at that time. Following on from the work of Cooley and Mead, Herbert Blumer (1930) stressed three important factors that underpin grounded theory. Firstly, the importance of meaning in interactions between people. Secondly, the importance of the situation in which interactions takes place (Goulding, 2002). Thirdly, the significance that interacting participants assign to the meaning of their interactions.

Herbert Blumer’s work was also influenced by the pragmatic and instrumentalist philosophy of John Dewey. Dewey’s philosophical position revolved around three core statements. Firstly, rejection of the quest for certainty in social science research.



Secondly, rejection of the idea that thought refers to fixed things in nature, by which it is meant that for each idea there is a fixed and recognisable thing in the natural world (Russell, 1946). Finally, Dewey insists that human beings are most appropriately understood in relation to their environment.

In addition to these three core statements, Dewey supported the practical turn towards research that philosophy was, at that time taking. He also favoured the return of the link between theory and practice. Russell (1946) considers Dewey as follows:

‘... the chief importance of Dewey’s work lies in his criticism of the traditional notion of *truth* which is embodied in the theory that he calls *instrumentalism*’.

(Russell, 1946: p775).

Dewey views the traditional views of truth held by philosophers to be both static and fixed. Blumer’s interpretation of Dewey’s pragmatic approach focuses upon:

‘the conscious mind and the self-awareness and self-regulation of social actors’.

(Blumer, 1930: p32).

The principles of symbolic interactionism have underpinned the development of qualitative research generally, and grounded theory particularly (Robson, 2002). Symbolic interactionism rests upon a number of influential foundations. Firstly, that social life is formed, maintained and changed by the basic meaning attached to it by

interacting people. Secondly, that social life is expressed through the participation of interacting people, and symbols of which the most important of these symbols is language. Thirdly, that the purpose of social science research in symbolic interactionism is to study the meaning of systems of such symbols and that data and interpretation depend on context and process and must be verified and corrected where it is necessary to do so. (Robson, 2002). As Goulding (2000) put it:

‘Methodologically, the researcher is required to enter the worlds of those under study in order to observe the subject’s environment and the interactions and interpretations that occur’

(Goulding, 2000: p 39)

The original work of Glaser and Strauss (1967) set out to distinguish grounded theory from quantitative, deductive social research and to ground the development of theory in the social action of gathering data (Goulding, 2002). According to Goulding, another intention of the work of Glaser and Strauss was to facilitate the development of new theory, in a time when there was a growing tendency to believe that all the available *grand theories* - those of Locke, Marx and Weber had been discovered.

In the grand theory paradigm, the role of research is to test the grand theories of others, through quantitative analysis (Goulding, 2002). Glaser and Strauss (1967) argued that partly as a result of the coming of the post industrial and post modern age, both the nature of theory and the way in which theory was developed had changed and that theory had become contextually bound by societal values. In this context, knowledge is framed as a constructed activity having meaning that is grounded in the experiences of social actors.

### 3.10 The Controversy between Glaser and Strauss

It is considered necessary (Goulding, 2002) for those adopting the grounded theory methodology to firstly describe the different approaches that have developed between Glaser and Strauss and also to identify and explain which version of grounded theory they are adopting. This has been described as a “split” between the two originators of the methodology (Goulding, 2002) and is not without its difficulties for the researcher. It is particularly difficult because, as a result of the split, there have been several revisions to the original idea. The revisions to the original methodology as discovered by Glaser and Strauss (1967) are Glaser’s (1978) revision in *Theoretical Sensitivity*; followed by Glaser’s (1992) revision – *Basics of Grounded Theory Analysis*. Strauss (1987) responded to the revisions of Glaser with *Qualitative Analysis for Social Sciences*. This was followed by Strauss and Corbin’s (1990) publication – *The Basics of Qualitative Research: Grounded Theory, Procedures and Techniques*.

The revision to grounded theory contained in Glaser’s (1992) are perhaps the most controversial and evocative of the texts in providing a catalyst for delineating the differences between the two versions of grounded theory (Babchuk, 1997; Dey and Salaff, 2001). In this work Glaser states that the version of grounded theory that Strauss and Corbin have developed is no longer grounded theory but an entirely new methodology that Glaser describes as “*full conceptual description*”(Glaser, 1992 pp25). At first it is difficult to appreciate the differences between Glaser and Strauss but closer

examination and reference to the original 1967 work, reveal that there are substantial epistemological methodological differences between the two approaches.

Particularly, Glaser in his 1992 work is anxious to re-establish the objective of the 1967 *Discovery of Grounded Theory* – which is to make theory understandable by the average sociologist. There is also Glaser's 2002 work *Conceptualisation: On Theory and Theorising, using Grounded Theory*, which attempts to focus upon what the controversy between the two originators is really about.

In recent times the controversy between Glaser and Strauss has been re-evaluated. For example - Rennie (1998) has argued that rather than being a controversy related to the processes of grounded theory the controversy is more about philosophical differences between the two. These philosophical differences relate to the extent to which the two align their philosophical position with the pragmatism and instrumentalism of Dewey (Allport, 1951; Rennie, 1998). Instrumentalism is essentially monism in that it rejects notions of the duality between inductive and interpretive as opposed to rational and deductive,

In the approach to grounded theory taken by Strauss and Corbin, they claim that the method verifies the theory, whereas Glaser's more instrumentalist position is that Grounded Theory has only to discover theory not to its verification (Rennie, 1998). This recent work in clarifying the philosophical differences rather than the procedural differences between the two approaches was of help to me in assisting me to decide



which of the two approaches to take. For the purpose of this research I chose to follow the methodology advocated by Glaser. This was because I felt that Glaser's approach offered a flexible approach that is focused upon the generation of theory. This is in counterpoint to the Strauss and Corbin approach, which I felt was overly complicated and focused upon research outcomes, rather than the generation of theory.

Nevertheless, Strauss and Corbin's work was very instructive regarding the process of grounded theory and - despite my preference for Glaser's approach, I have used their work for guidance. Similarly, I have drawn upon grounded theory research undertaken by adherents of both the Glaser and the Strauss and Corbin approaches in undertaking this work.

### **3.11 Action Research**

Although essentially this is a grounded theory study and not an action research study, action research has played a part in informing the findings of the research through data provided by the ARG. At this point, therefore, action research is considered as a research methodology in its own right. The ARG who were considering the development of a regional infrastructure for supporting social enterprises began to develop their understanding of the action research methodology. Action research is concerned with bringing about change within the lifetime of the research. This can be defined as having two component parts. **Action** to bring about change in a community or organisation and **Research** to increase understanding on the part of the researcher, client or both and often the wider community (Cunningham, 1994; Dick, 1999; Dick, 2001).

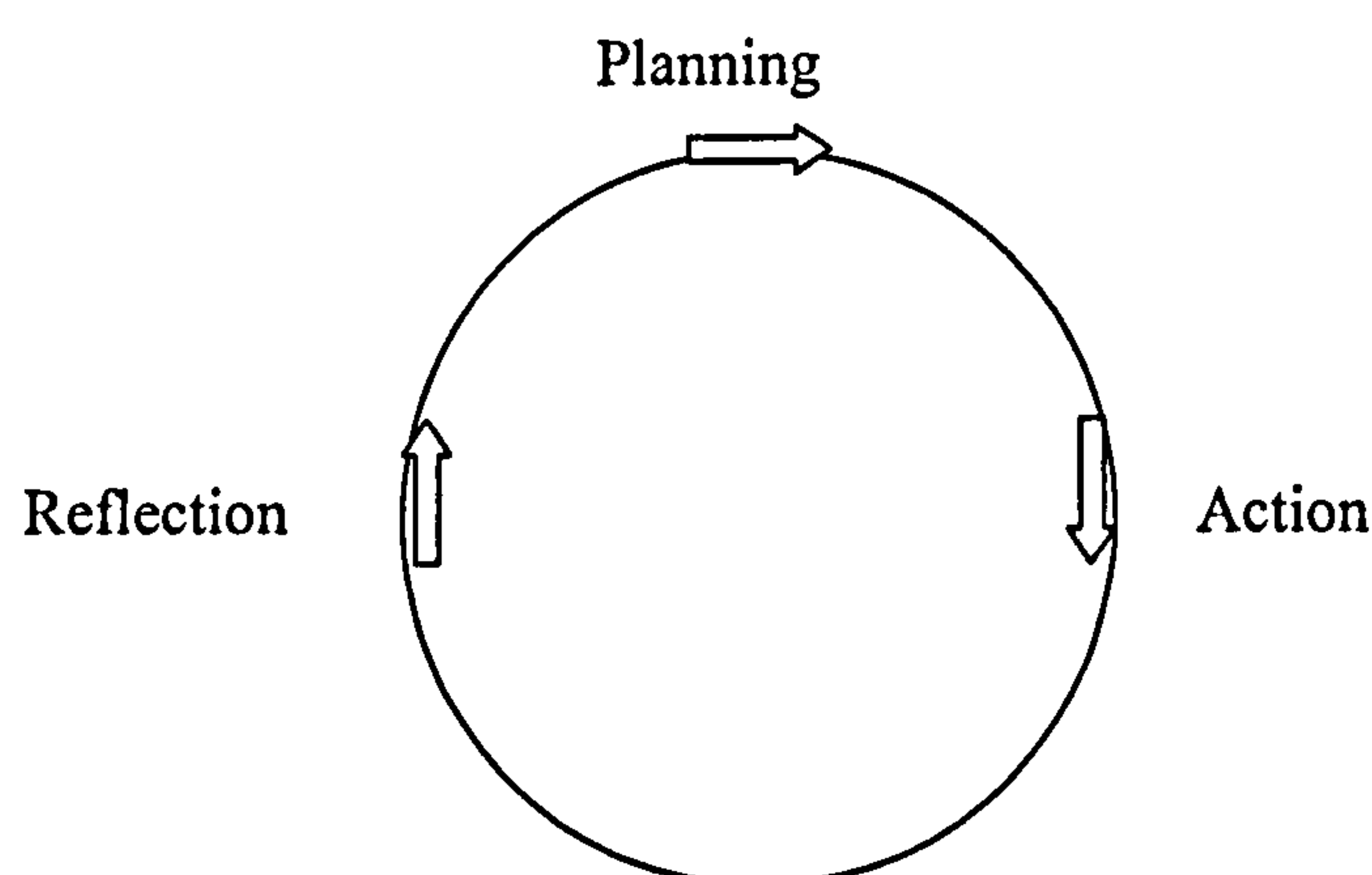
The term is interchangeable with other terms that point to similar research methods: action inquiry (Torbert, 2001; action science (Argyris and Schon, 1979; Argyris, Putman, Smith, 1985) Reason (1994) has offered a definition to embrace the differing terms:

‘The purpose of both (action inquiry and action science) practices is to engage with one’s own action and with others in a self-reflective way, so that all become more aware of their behaviour and its underlying theories.’

(Reason, 1994; p 332)

Perhaps more effectively, action research can be defined by its key characteristics, the first of which is the cyclical nature of the research in which it passes through cycles of planning, action, reflection upon the action which leads to new cycles of action, reflection and planning. (See figure 2).

**Figure 2: the Action Research Model**



There are variations to this cyclical model (Dick, 1999) but these do not substantially alter the cyclical nature of action research. In the post war era action research has gained

prominence as a research methodology employed in the workplace (Kliener, 1996; Passmore, 2001; Gold, 2003; McKernan, 1996) and has proven particularly effective in analysing real time situations among for example teams of miners working in deep mining situations (Trist, 1976). By the 1970s action research had become a widely used methodology (McArthur, 1986; Dick, 1999; McPhee, Morgan and Gliner, 2000).

As part of their development the ARG received training in the action research methodology from Professor Peter Reason of Bath University through the Centre for Action Research in Professional Practice (CARP). The term action research suggests that the way in which the researcher understands is through taking action (Ladkin, 2002; Park, 2000) and through cycles of action and reflection. Professor Reason explained to the ARG that in order to organise the multiplicity of ways of gaining knowledge that are available in action research (Reason and Bradbury, 2001) he had attempted to identify a number of pathways into action research. The pathways establish three modes of action research (Reason and Capewell, 2001; Reason and Bradbury, 2001; Reason and Torbert, 2001; Torbert, 2001). First person action research addresses the ability of the researcher to foster an inquiring approach to their actions. This involves three disciplines: those of: **Awareness** of the potential for action to be the basis for research. **Choosing** an approach to action and research and **Assessing** the effectiveness of our actions in the situation in which we are engaged.

Torbert encapsulates first person action research as:

‘We may begin our first person action inquiry from concerns to perform more effectively at work, or from a desire to transform some cycle of attributions emotions and actions that is costing us happiness in love.’

(Torbert, 2001: p251)

Second person action research is seen as the ability to engage with others for the purpose of inquiring into issues of mutual concern. Second person action research is seen as having the disciplines of face-to-face inquiry and dialogue, in which awareness, choosing and assessing, are employed in discussion with others who share a similar concern for the improvement of a particular practice.

‘Indeed, as listening through oneself both ways (towards origins and outcome) is the quintessential first person research/practice, so speaking and listening with others is the quintessential second-person research/practice.’

(Torbert, 2001: p 253)

Third person action research aims to create a wider community of inquiry involving persons who have not been involved in the research process but share a common interest in the outcomes of the research (Ladkin, 2002; Simmons and Gregory, 2003). Moving from speaking and listening to writing of research is also seen as a key discipline of third person action research.

‘One of the key characteristics of successful third person action research/practice is that it is an action inquiry leadership practice that presupposes first and second person research practice capacity on the part of leadership.’

(Ladkin, 2002: p 44)



The ARG considered the three positions of action research as being useful because it enabled individuals to conduct action research, which members of the ARG had considered to be a group only research methodology. The ARG were also aware that action research has been the subject of an evangelical approach by many of its proponents and other writers (Dick, 1998; Swepson, 1998; Ladkin, 2002; Checkland and Howell, 1998; Swantz *et al*, 2000) point to the potential problems which action research can entail. Words such as emancipatory, participative, democratic, place an onus upon the researcher to declare themselves as proponents of a particular philosophy in order to be associated with action research (Swepson, 1998; Checkland, 1998). There is a tendency to merge the values and vision of action research with the methodology of action research. While we may as individuals sign up to the vision and values that are associated with action research (Reason and Bradbury; 2001, Senge and Scharmer, 2001; Torbert, 2001; Swepson, 1998) it is advisable to separate the vision and values of action research from its worth as a qualitative research methodology.

‘To avoid the idealist trap, I suggest that action researchers keep the vision and values of action research separate from their methodologies in order to fully develop both.’

(Swepson, 1998: p 5).

The ARG was concerned not to get involved in ideological debates but to concentrate upon the task of designing a region wide infrastructure to support social enterprises.

In leaving action research at this point to concentrate upon grounded theory, I need to declare another factor in my research journey. During the lifetime of this research project I considered literature relating to action research as outlined above. I also considered literature relating to the fusing of grounded theory with action research where researchers had employed both methodologies within the same methodological framework (Dick, 2001; Baskerville and Pries-Heje, 1999). Discovering the literature on grounded action research was a point in the development of my research journey that aided my development in conceptualising the balance between the two methodologies of grounded theory and action research. Assisted by ongoing discussions with my supervisor and further thinking and reading, I was able to fix my focus upon grounded theory.

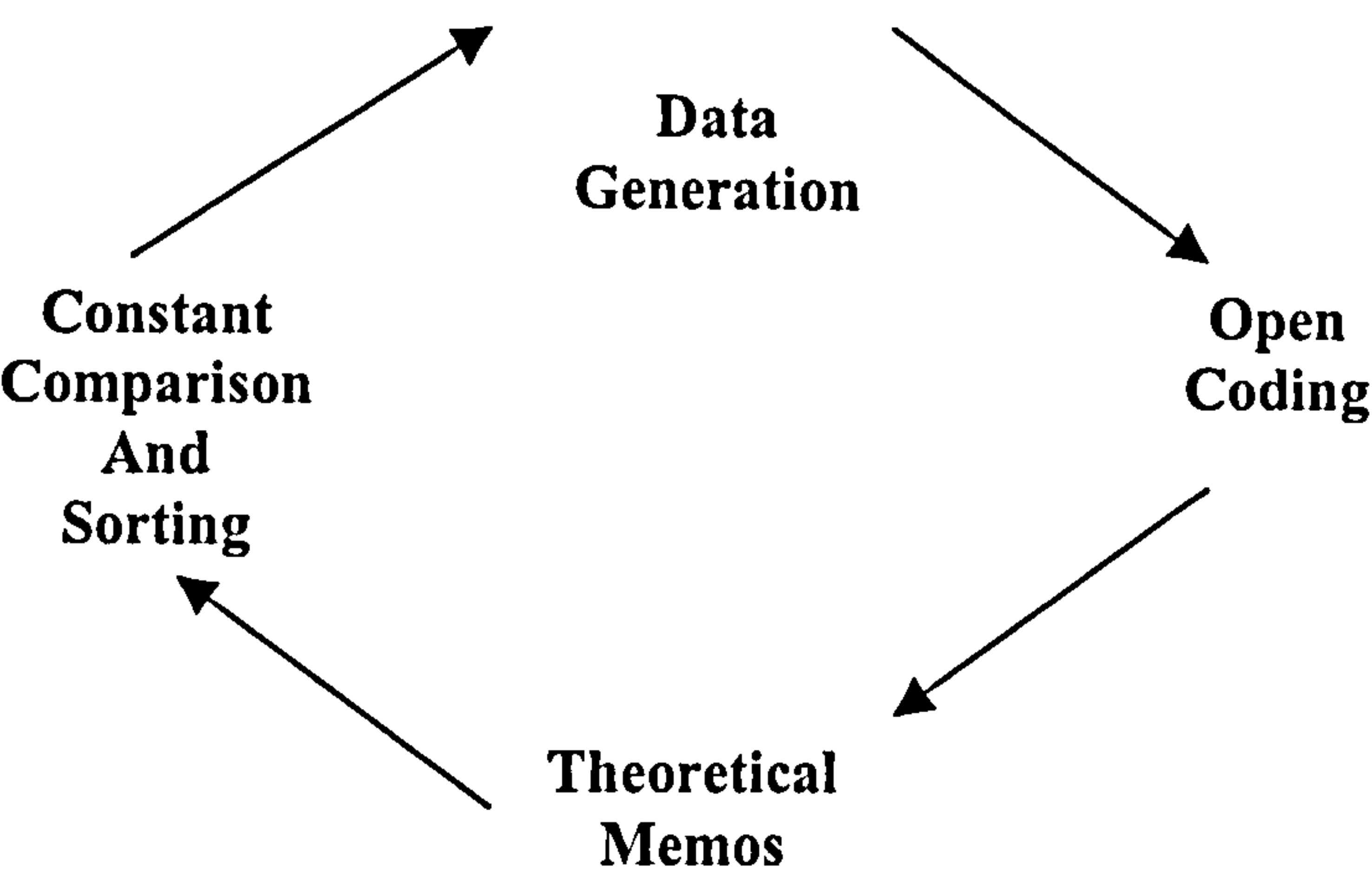
As I have previously stated, originally this doctoral thesis was to be an action research study. The first interview programme with grant funded service provision organisations was undertaken between 2000 and 2001. The interviews provided what I considered to be a rich source of data and it became evident to me that I would be required to include within the research design a qualitative research methodology that was designed to extract meaning from data. I also felt that I wanted a research methodology that was designed around research data and which would guide me in my analysis. Grounded theory seemed to me upon examination to provide the solution to this problem in the research design. At this stage, I began to write memos alongside the completed research interviews. This was a discipline that I developed early in the interviews with grant funded service delivery organisations. I had not begun any in-depth data analysis of the

data from the interviews with grant funded service provision organisations prior to my arriving at the grounded theory methodology.

### **3.12 Beginning Grounded Theory**

Having arrived at grounded theory as a research methodology in early 2001, I discussed the new research methodology with my new Director of Studies, Professor Bob Hamlin who also in early 2001 - was appointed to replace my previous supervisor. My second supervisor - Professor Christina Goulding was also involved in the discussions around methodology. Bob and Christina assisted me to clarify my choice of research methodology. Professor Goulding has written extensively on grounded theory and was able to help me to understand this research methodology and to guide me through the procedures of grounded theory.

Essentially, grounded theory is the generation of theory through the conceptualisation of patterns that emerge from data, which is analysed using the technique of constant comparison. There are four key research elements to data analysis in grounded theory. This can be represented as Figure 3.



**Figure 3: The grounded theory process (Haslam, 1999; pp46)**

Figure 3 provides a reference point around which the procedures of grounded theory were employed in this study. It is also important to realise that the four elements are interchangeable. For example, data generation can be made while open coding, theoretical memo writing, sorting and constant comparison are in progress. It is also important to realise that data analysis through open coding starts when the research starts - not when a sizable amount of data has been generated.

In the case of this study, data was generated from three sources. Firstly from the interviews with grant funded service providers, which were conducted in 2000 and 2001. Most of the interviews were taped - but in some cases - where the recorder failed to work I relied upon back up notes. Data was also collected from meetings of the ARG in 2002



and 2003. This data consisted of: notes taken at the meetings; memos made by myself after the meetings; papers written and presented to the ARG; materials such as power point presentations undertaken by members of the ARG or myself at the request of the ARG. The next area of grounded theory data generation was during my involvement with Herefordshire Voluntary Action in 2002 and 2003. This included notes and tapes from interviews, memos and theoretical memos written at the time.

A further source of data for grounded theory data collection and analysis were the interviews with LDAs senior managers and Chief Executive Officers, made in 2002 and 2003. Again these were in tape and notation formats. In addition, notes were taken at meetings with individual members of the ARG to discuss various issues relating to the work of the ARG and when steering the development of the Social Enterprise Infrastructure Project. I want now to move to a discussion of the processes of grounded theory and the key concepts which underpin grounded theory data analysis.

### **Conceptualisation**

For Glaser (2002) the important fact concerning conceptualisation is that concepts are abstract and as such are free from time, place and people (Glaser and Strauss, 1967; Glaser 2002). What is important to note here is that data – by which I refer to interview transcripts, documents, notes, memos etc - are considered to be theoretical. Concepts, therefore, are the basic units of analysis and are gained through conceptualising data, rather than the actual data itself (Haig, 1995; Pandit, 1996). Conceptualisation therefore

is a theory building activity (Goulding, 2002). Theories are therefore reframed, not as grand statements that are universally applicable and testable, but as:

‘Fluid, owing to the fact they should embrace the interactions of multiple actors, and emphasise temporality and process.’

(Strauss and Corbin, 1990: p 45)

Professor Goulding also advises that in relation to conceptualisation:

‘Concepts are developed through a process of “open” data analysis.’

(Goulding 2002: p121).

As referred to earlier, it was my reading of grounded theory and of conceptualisation, - assisted by my research supervisor Professor Christina Goulding – which enabled me to assess the position of grounded theory and action research within this research study. I now turn to the concept of categories which form a major part of the grounded theory research methodology and have significantly informed and shaped how I have analysed data throughout my research journey.

## Categories

Categories are defined (Strauss and Corbin, 1990) in the following way:

‘Categories are higher level and more abstract than the concepts they represent. They are generated through the same analytic process of making comparisons to highlight similarities and differences that is used to produce lower level concepts.’

(Strauss and Corbin, 1990: p7)

In grounded theory categories play a pivotal or “cornerstone” role (Strauss and Corbin, 1990). Categories are developed through grouping concepts which arise from the process of conceptualisation - and then comparing data that is gathered around those concepts. This is further explained in examples of grounded theory analysis in the data analysis chapters of this study.

### **Constant Comparison of Data**

Constant comparison is the process of comparing items of data or in the singular datum, and looking for similarities or differences in meaning. From this a new concept can be developed (Locke, 2001). Christina Goulding (2002) has identified constant comparison of data as follows:

‘Evidence is used as a test of emergent hypothesis and the most effective way of achieving this is through comparative data.

(Goulding, 2002: p 69)

The word constant is used to show that the process is ongoing throughout the lifetime of the collection of data - and stimulates new concepts to be explored throughout the data collection process.

### **Propositions**

Propositions are the third element of grounded theory analysis. Propositions identify a relationship between a category and the concepts that form that category. Propositions also link together discrete categories of meaning and form the basis of theory building (Locke, 2001).

### **Dimensions**

In their original work Glaser and Strauss (1967) were attempting to introduce a form of measurement into qualitative data analysis. This is achieved through dimensions. These can be measured on a scale - but do not necessarily, possess quantitative properties (Goulding, 2000; Dey, 2003). Dimensions are arrived at through the process of differentiating between concepts in the data. In the Chapters of this study that are devoted to research analysis, use is made of dimensions to arrive at preliminary concept properties and preliminary concepts.

Following careful analysis of the available qualitative methodologies and having examined the suitability of other methods complimentary to action research - such as case study and ethnographic methods - grounded theory, appeared to provide me with the most appropriate inclusive methodology for building a theory of social enterprise. This decision was arrived at through an iterative process of constant comparison of available methods.



### 3.13 Reliability and Validity in Qualitative Research

Early on in my research journey I was very aware of the risk that my findings might be influenced by my personal feelings about the subject of the research, rather than theory emerging from the rigorous analysis of empirical data in which appropriate qualitative research methodologies are employed. I considered the issues relating to validity and reliability in qualitative research. In order to increase the potential for trustworthiness, credibility and validity in the research, the design of the research addressed these issues through the following design constructs. Drucker –Godard, et al, (2002) recommend that internal validity should consist of:

‘being sure of the pertinence and internal coherence of the results produced by a study; researchers must ask to what degree their inferences are correct, and whether or not rival explanations are possible’

(Drucker –Godard, et al, 2002: p 400)

In line with this requirement, the research design addressed the issues of internal validity in two ways. Firstly, the ARG was able to contribute to the internal validity and reliability through the scrutiny of each stage of my data collection and analysis. The ARG consisted of professionals all of whom were employed as development workers in social enterprise, co-operatives or the voluntary sector. As such the ARG was able to comment upon the pertinence and coherence of my findings on an ongoing basis, which thereby added to the credibility and trustworthiness of the research. In addition, the ARG were able to contribute insights to each phase of the research and to review the data analysis process throughout this research project – thereby adding further plausibility to the

enterprise – were through the evaluation of the theory in a real setting. This final act of validation increased my confidence that the theory emerging from the work was based upon the data that was collected and analysed. Further considerations of the grounded theory method and the veracity of this particular research study are discussed further on in the work. I now conclude this research methodology chapter.

### **3.14 Conclusion to Chapter Three**

Qualitative research methodologies were identified as being the most appropriate methodology to explore social enterprise as previous quantitative research was considered to provide insufficient scope for interpretation. In arriving at my final choice of qualitative research methodology, I have critiqued positivism as being an inappropriate research approach in the instance of the present research study. I have then gone on to consider two interpretivist approaches to research – that of phenomenology and ethnography, which while not chosen as methodologies for this particular research study, were identified as exemplifying the interpretivist approach to qualitative research.

I have then attempted to put action research within the context of this research study and to outline the main propositions of action research. This has then been followed by an outline of the background to grounded theory and the procedures that are associated with the grounded theory method. Finally, I have considered issues of reliability and validity in the conduct of qualitative research. In the next Chapter I outline how data was gathered and analysed, initially in the interview programme with grant funded service delivery organisations conducted in 2000 and 2001.

## **CHAPTER FOUR**

### **Data Collection and Analysis: 2000 – 2001: Interviews with Grant Funded Service Provision Organisations**

#### **4.1 Introduction to Chapter Four**

The quantitative study (Bansal and Newis, 2000) was the starting point for the present qualitative doctoral research study. Upon completion of the quantitative study, I did not have a formal research question formed for the present study. What I did have was an insight that moving away from grant dependency towards social enterprise was an issue that was becoming increasingly important - and that LDAs would need to respond to this move towards social enterprise.

This chapter details the interview programme that was conducted in 2000 and 2001 with grant-funded service delivery organisations. The intention was to use a semi structured interview template but as a result of the experience of conducting the first two interviews I relied less and less upon the semi structured interview template and more and more upon a conversational style of interviewing. In most cases a tape recorder was employed to capture the interview where this was acceptable to the interviewee. Where it was not acceptable to the interviewee, I used note taking.

Each interview was followed by the writing of an analysis memo - the purpose of which - was to capture my first thoughts on what the interview had been about. Throughout the interviews there was a heavy emphasis upon the narrative provided by the interviewees. This was for the purpose of explaining how interview data was developed into codes - and how codes contributed to the development of preliminary

concepts concerning a better understanding of grant funded service delivery organisations. It also provides for the people who worked in these organisations to contribute their story to this research project. It should also be noted that the following interviews are examples of the interview programme with grant-funded service provision organisations and not the whole interview programme. These are provided to illustrate the way in which the preliminary concepts, properties and dimensions were developed.

The interview programme began with a local food co-operative, on the Wrens Nest Estate in Dudley in the Black Country, West Midlands. As previously mentioned in Chapter Two, Wrens Nest Food Co-operative was referred to by Jonathan Friedland in his article in the Guardian. In this article he praised the sense of self-help and mutuality in the area.

## **4.2 Wren's Nest Food Co-operative**

The Wrens Nest area was identified as one of the most deprived areas of the Dudley Borough. As such it suffered (and continues to suffer) from a wide range of deprivation. These included economic indicators – in terms of unemployment levels - lack of business start up, low literacy and numeracy levels: and more social indicators including health. In terms of health the area had one of the highest rates of premature death from chronic heart disease in the Black Country area and the West Midlands. As economic activity in the area was low, there was a lack of retail premises able to stock fresh (and therefore perishable) food-stuffs including fruit and vegetables. The area was successful in gaining Single Regeneration Budget (SRB) Funding for a wide



range of activities designed to combat the levels of deprivation. Among these was the idea of a food co-operative that would provide fresh fruit and vegetables in the area.

The aim of the food co-operative was to bring together the economic and the health issues by providing fresh fruit and vegetables and opportunities for local people to be employed and to train in various skills – literacy and numeracy, basic food hygiene and retail skills. Essentially, the food co-operative took orders from people for fresh produce, bought in bulk, bagged and delivered the produce to the customer's door. The interview was conducted with the Project worker for the food co-operative who herself was a Wrens Nest resident and had herself been unemployed before becoming involved with the Food Co-operative, originally as a volunteer. The interview was conducted in the office of the worker located at a local economic development centre located on the Wrens Nest Estate. After the preliminaries and my explanation of the purpose of my interview I asked the manager to describe the aims of the Food Co-operative:

*“To provide good quality, cheap fresh produce to residents in the Castle and Priory Ward and to raise their awareness regarding healthy eating. All groups and individuals, benefit from a food co-op because, as I said, it is about raising awareness of health eating and also affordable prices. It includes not just the unemployed and goes out to pensioners, those on disability benefits.”*

In the time that you have been established what would you say were the problems?

*“I would say the biggest problem of the organisation has been recruiting*

*“I think It’s difficult to get funding for something that hasn’t happened before and people don’t have any knowledge of it before. Recruiting volunteers is always a problem and keeping volunteers. Don’t think there have been any other problems regarding support but I think the biggest problem is volunteers.”*

I then asked if there were any problems in getting funding for the Food Co-operative?

*“Funding is not a problem – people are willing to help in any which way they can because sometimes funding doesn’t mean money – it can be somebody’s time, which helps, in different areas like with training the volunteers or something like that.”*

Who manages the Food Co-op?

*“The management committee - individuals from the local community.”*

Who makes decisions on a day-to-day basis?

*Myself and TK (Chairperson of the Food Co-op).*

“Looking at you in the management role – as co-ordinator – what do you do?

*“Right, my role really is to assist the volunteers skills so that they can expand the food co-op. “Also, part of my role is to bring in further funding, whether it be in kind or in money.”*

What do Food Co-operative Volunteers do?

*“They actually run the food co-op. They go and collect orders from people who are disabled or housebound and they collate the information on a Thursday morning and phone it through to the main supplier and then they put the orders together and make the bills out.”*

Do you get involved in that?

*“I do go up because they (the volunteers) like me to be there, so from time to time, well, I go every Friday and my role can be either helping to make the orders up or helping to add the bills up – whatever they tell me to do”, (laughs).*

What would you say were the skills required to do what you do?

*“Numeracy and Literacy skills and perhaps later on – management skills – but then all these skills can be built upon – you don’t have to come with those skills – you can build upon them.”*

*“There is the driver – he was a volunteer to begin with and so obviously he needed the same types of skills of what we have just mentioned but also because we allow him to collect cash from the deliveries, so when he delivers he collects their payment and gets them to sign to say they have paid and he signs to say he has collected the money.”*

What do you see as your main strength?

*“Local, accessible, affordable, run by local people.”*

What do you see as your main weakness?

*“We are entirely dependent upon volunteers and also dependent upon others for funding, which does not make it sustainable. It’s the volunteers that cause the weakness, because they are not ready. So that causes it to be slow – so that you can’t go running and they are not with you.”*

The interview took just over an hour. I thanked the manager of the Food Co-operative and returned to my office where I prepared the following memo based upon my insights in conducting the interview. While Glaser and Strauss (1967) stress the importance of producing memos, there is no guidance upon when or how many memos should be raised during a research assignment or upon the form or length that they should take. I found it a useful discipline to produce a memo after each interview and also after meetings of the ARG. Extracts from analysis memos have been included throughout the work to demonstrate the way in which the primary evidence base was assembled and the reflexive nature of the research..

**Analysis Memo relating to the interview with Wrens Nest Food Co-op**

“The focus of the food co-operative is very much linked to the needs of the community. Although it is undeniable that the Food Co-operative is providing



services, in an area where those services are absent, and also providing basic training for people with numeracy and literacy problems, there are no plans for the co-operative to become sustainable in terms of having a reducing requirement for grant funding. However, the food co-op is tied to the needs and therefore the skill levels of the people who are its volunteers. In fact, sustainability is seen as something unachievable given the dependency upon volunteers, who have low skill levels and also dependency upon funding from other sources other than the revenue raised from selling fruit and vegetables. 15<sup>th</sup> October 2000

### 4.3 Moxley People's Centre

Moxley People's Centre was located in Walsall Borough between Bilston near Wolverhampton and Darlaston in Walsall. Moxley People's Centre is one of six Neighbourhood Resource Centres that were established by Walsall Metropolitan Borough Council, which again was located in the Black Country area of the West Midlands. The purpose of Moxley People's Centre was to provide local delivery of services and the involvement of local people in running those services. The services provided included advice on rents, community charge, health, training, childcare and other benefits advice.

The provision of services across the areas was the responsibility of a Local Committee who manage the Moxley People's Centre and a wider range of services in the area. Moxley has a lengthy history of social and economic deprivation, as measured in terms of unemployment, household income and educational achievement. The area was heavily dependent upon metal manufacturing until the 1980's when large scale

closures took place (CRS Consultants, 2001.) In the 1991 Census, unemployment in Moxley was almost 20% compared with 9% for England and Wales.

The stated aims of the Centre were to:

- Provide a focal point and support for local access to public services
- Provide meeting space for neighbourhood bodies and voluntary groups
- Provide resources for local people to be able to participate in decision making and empowerment opportunities.
- Provide a focal point from which public services and regeneration initiatives can be developed and delivered
- Provide training opportunities, activity groups and information services according to locally identified need

(CRS Consultancy, 2001)

My interview was conducted with the manager of the Moxley People's Centre.

The manager was a mature local man, close to retirement age. He had a history of community involvement that pre dated the establishment of Moxley People's Centre.

He was the elected Chair of both the Moxley People's Centre and the Local Committee.

I asked the manager what he considered the social objectives of the Centre to be?

*“First and foremost is the community. Making sure that what the community want they have got access to. That is why we have been successful.*

*The community will come along to us and say – I'll use an example – could you run a first aid course. Yes, we'll put up a notice on the boards and if you know anyone and can get me at least eight people – we'll put it on here."*

I asked who were the users of the Centre?

*"Our age range is nought to what's our oldest person Mrs Thorpe – she's got to be ninety something. We listen to everybody – what their views are, what they like what their dislikes are, we try to go down a sensible route where the majority is in favour, rather than the minority and that way we are keeping a family – its like a family business. It has worked and surprisingly we have involved every part of the community including the youth. Now I stress this point every time: Involve the youth in what you are doing – if you do you get very little vandalism. They have their own forum and their own budget"*

I asked about plans to move away from grant funding towards social enterprise.

*"A social enterprise in my understanding is to try and involve the community. It's a community involvement that is the most important thing. We are supporting the youth at the moment in a lot of programmes. The youth, the pensioners, the homework club, the IT classes. We even support a church on a Sunday, we give them a lot of discount on the use of rooms. We set our prices but we don't set them in stone."*

Again the interview took somewhere in the region of one hour. I thanked the manager for his time and returned to my office where I wrote the following memo in which I compare my impressions of the interviews with Wrens Nest Food Co-operative and Moxley People's Centre.

**Analysis memo relating to the interview with Moxley Peoples Centre**

“For Moxley, the idea of community is seen as the ultimate endorsement of the services that the centre provides”. These two interviews provided me with some useful insights regarding the following areas. The most important feature of these two interviews were that here were two organisations providing services at a local level. These services would traditionally have been provided by organisations of the state – such as local authorities. However, in the geographic areas in which both Wrens Nest Food Co-op and Moxley Peoples Centre were located, there is a high level of exclusion from the provision of services.

The second insight was the involvement of community in the running of the organisations. Moxley consider the community to be sacrosanct and continual consultation and provision of services was seen as a recipe for success.

However, in the Wrens Nest case, the perception of the co-ordinator was more contradictory. The co-ordinator considers the involvement of local people in the food co-op to be a positive impact. Indeed the values of the Co-op, stress the commitment to local people, jobs and training.

However, because the area of the Wrens Nest is dominated by people with low skill levels, the volunteers who are coming forward have low skill levels and need assistance in participating in the activities of the food co-op. Therefore, the co-



ordinator expresses frustration that because volunteers and paid staff, lack confidence, it takes a long time to move the co-op forward into new product lines.

The rationale of the food co-op is that it fuses social aims or values (training local unemployed people in skills of literacy and numeracy, providing volunteer opportunities. Providing a service to the housebound) with economic activity (buying fruit and vegetables in bulk from a wholesaler and selling on to local customers through door to door deliveries at a margin that was small enough to provide a price advantage with supermarkets). Is it the role of business support agencies to assist enterprises like the food co-op to manage the contradictions inherent in this model? The emphasis within both interviews is weighed in favour of communities, rather than sustainability and a move from grant dependency. 6<sup>th</sup> November 2000.

It is important to realise that in grounded theory analysis starts from the commencement of the research study. Therefore, immediately an interview was completed data analysis would begin. I have found the transcription of tapes into hard copy format to be expensive and in many ways an intrusion into the process. I therefore elected to analyse data straight from the interview tapes, where tape had been used, which was the case in the overwhelming majority of interviews. Analysis of the interviews with Wrens Nest Food Co-operative and Moxley People's Centre commenced within days of completing the interviews.

#### **4.4 Open Coding of Data**

Open coding is the first stage of grounded theory analysis and involved me in listening to the taped interviews, making notes and assigning labels to those elements

that I considered to be useful. I realised that what I considered to be useful was a purely personal judgement about what is happening in the data. Open codes were written on post-it notes and stuck to the sheets of notes. Each individual tape along with notes and post-it codes was placed inside a plastic folder. This was labelled with the name of the organisation interviewed. There was also a completed record sheet that detailed the date, time and location of the interview. This way I was able to ensure that each interview and codes were kept in a discreet location.

Consideration was given to the use of computer based analysis packages such as NUDIST. However, I elected to analyse data manually for a variety of reasons. The most important of these reasons was that I am a part time student and as such had to fit my data analysis around my other commitments. This meant that I often worked nocturnally, which would not have been possible if I had been travelling to the university campus to use the software available.

Another practical point is that in order to input data into a computer for analysis there has to be a digital form of that data, which again would have required transcription. I also felt that I wanted to become intimate with the data that I had collected and in particular to enjoy the experience of listening to the voices of participants in my study. I want now to return to my interview programme with further grant-funded service delivery organisations.

#### **4.5 Interview with Apna Home Care**

Apna Home Care was located in the Opportunity Shop at Prince's End in Tipton which is in Sandwell in the Black Country, West Midlands. The Opportunity Shop

was a shop fronted building in which a variety of service delivery organisations were based. What all of the service delivery organisations had in common was that they were all being supported by Tipton Community Enterprise – an LDA that supported the development of social enterprises in the Tipton area. The manager of Apna Home Care was an Asian man, who himself lived in the Prince's End area. Apna was established in 1998 and received support from Tipton Community Enterprise by way of payroll facilities, training and support. The interview took place in the manager's small office and interruptions from the telephone were frequent, throughout the interview. I had not met the manager prior to this visit,

I began by asking what services Apna provided.

*“We are here to create employment for ethnic minorities through the provision of care for South Asian Families. You can't separate the two.”*

Why was the service is provided?

*“The idea that Asian families look after their own is a myth.”*

Thus the manager believes that there is a need for specialist provision for Asian elderly, that is not currently being provided. Further he considers that:

*“Asians are only employed in sweatshops and they need training. Because we go into Asian homes, we can overcome the language barrier.”*

I asked how Apna had been established?

*“It started just for Asian elders, that was the bulk of the work but we now provide support for families in problems. Now we are getting referrals from non- Asian families. On the catering side – people come with ideas – we can help. There is always the question of cash, which is one of the biggest things holding things back.”*

I followed upon on what the manager considered to be the things that held Apna back.

*“One of the good things is that I don’t have to have too much to do with the management committee. One reason that projects are slow is because the management committees are slow – slow decision- making process. A quick call to DT (manager of Tipton Community Enterprise) to let him know what we are doing that is enough. When the management committee is the focus rather than development that causes problems. It’s about the management committee letting development happen – that’s crucial.”*

I asked how Apna was developing its management structure.

*“Depends upon the day- to-day management, the ultimate decision is with DT but we are moving away from that structure. As you get more experience you don’t need help so much. You just need someone to say yes. The more you get tied down to management, the less time you can spend.”*



The manager was very keen to talk of what he considered to be the problems in developing his role.

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*“A lot of good social enterprise development workers want to develop rather than manage. Not everyone is made for development – not everyone is made for management. With development workers it’s his baby – he won’t let go but is not necessarily a good manager.” In managing so much is placed upon a single worker.”*

This interview lasted a little longer than the others as the manager had so much to say.

I again returned to my office and prepared a memo relating to the interview.

#### **Analysis memo relating to the interview with Apna Home Care**

I noticed the enthusiasm that the manager – exuded throughout the interview. Most notable was his constant intention to take shortcuts in getting things started. Even more striking was the emphasis upon individuality and the role of the entrepreneur. In the interview with Apna the manager uses words such as: private sector; compete; managing; developing. Also, what was being said in the Apna interview was that paying good wages to local people rather than the basic national minimum wage was considered a drawback to the ability to compete with the private sector. The interview with Apna, it seemed to me to begin to point to an emerging contradiction to the emphasis upon community and need that is identified in the two interviews with Wrens Nest and Moxley. Doing what the community wanted could be viewed as a reason for not doing anything else, where as Apna wanted to take the initiative.

The manager was definitely concerned with becoming a business that could spot gaps in markets, rather than community needs. This was perhaps the essence of the difference between grant funded service provision and social enterprise.

More importantly, in the Apna interview, the ability to compete was seen as a positive thing, whereas in the case of Wrens Nest the idea of sustainability – i.e. being able to compete was seen as being, not only some way away, but not necessarily a desirable aim. Moxley on the other hand considered itself to be sustainable but lacking the human resources to go forward.

There seemed to be in the Apna interview a motivation to succeed to a different stage through the ability to develop new services. Managing existing services was seen as holding back the development of new services. 20<sup>th</sup> November 2000.

#### **4.6 Preliminary Concepts Emerging from the Data**

At this early stage, from the generation of codes I moved to the sorting of codes to provide me with preliminary concepts or ideas about what might be happening in the data. Goulding (2000) recommends that the questions that the researcher is asking throughout the coding process should be:

What is happening in the data?

What is the basic socio-psychological problem?

What patterns were occurring?

From codes and through sorting codes and ascribing them patterns emerge. Patterns of codes in turn guide the development of concepts, which can be described as the

individuals, places, and conditions relevant to the study (Goulding 2000). The criteria for establishing a concept is that it should:

Be central and account for a large proportion of the behaviour:

Be based upon recurring themes drawn from the data;

Be based upon the preliminary concept.

It should be possible to modify the core concept, which in this case I took to be my research question, which could be modified as a result of data analysis and the development of preliminary concepts. Below is an example of how data was interpreted to provide a code that in turn contributed to the development of a preliminary concept. It involves both a spoken contribution by the manager and a written note by myself.

**My note:** During the Apna interview the manager was keen to explore what he thought were the draw-backs of ascribing to social values and at the same time maintaining a business orientation.

**The interview data:**

*"We could compete with the private sector but their wage is £3.60 per hour. We pay higher. Our social values mean that we pay more."*

**Examples of Open Codes**

Concept of competition in an area

Refers to social values in a particular geographic area of operation;

Low wages seen as negative.

**Preliminary Concept**

**Combating social exclusion**

This process of data analysis was repeated many times as the interview programme developed and as able to build up the preliminary concept of combating social exclusion. This was labelled as a preliminary concept as it brings together a number of conceptual strands that can be identified as influencing the behaviour of the interviewee (Goulding, 2000). Concepts attempt to explain elements of behaviour, rather than the whole of the behaviour of the individual (Goulding, 2000).

#### **4.7 Interview with Blakenhall Credit Union**

Credit Unions are co-operatives into which members save and borrow. Each Credit Union has what is called a Common Bond, which is the common condition that binds the membership together. A Common Bond can be a geographical area in which people live, or it can be a workplace. Blakenhall Credit Union was established in 1995 and is run from a rented office in Forest Community Centre, Walsall. There were two people present at the interview, both of whom were local residents of Blakenhall and voluntary activists rather than paid workers.

I asked to workers how the Credit Union got started.

*“We went to Ireland and brought the idea over. Credit Unions are an alternative to banks for unemployed people in the local area. “*

As the preliminary concept of combating social exclusion had already begun to emerge from the data, I focused upon how does the Credit Union combat exclusion



from financial services in Blakenhall. As this preliminary concept has emerged from the data it is not leading to raise the issue of financial exclusion.

*“To get people away from the loan sharks”*

I thought that the answer justified the asking of the question and assisted in moving the conceptualisation to a new level.

After the interview I analysed the data from this interview in conjunction with the other data and open codes that had been generated and the preliminary concept of combating social exclusion. An example of the process is again given below.

**My Note:** The mention of loan sharks took combating social exclusion to a new level. Other interviewees were providing services in areas where services did either not otherwise exist – fresh fruit and vegetables in Wrens Nest or elderly care in Moxley and Tipton (Apna) none of these could be said to be combating an alternative, predatory service provider as in the case of loan sharks.

**Interview data:** *“To get people away from the loan sharks.”*

#### **Examples of Open Codes**

Loan Sharks

Alternative finance

Mutual support

**Preliminary Concept**

**Market failure**

## 4.8 Dimensions

At the same time that Glaser and Strauss (1967) were discovering grounded theory a further refinement was in the process of development. According to Goulding (2000) this became known as dimensional analysis and was proposed to overcome the criticism of grounded theory that it did not make clear the way in which the theory was developed. I thought that this was a fair criticism and welcomed the opportunity to use dimensional analysis to show how my theory was developing. For example the preliminary concept of combating social exclusion would have properties such as poor housing, poor educational levels, low incomes for example.

The dimensions would be further deepened and intensified explanations of the preliminary concept such as low levels of aspiration; high levels of crime; low business start up. Dimensions provide a means by which constant comparison of data can be undertaken. Below is an example of how I used dimensions to deepen the analysis of the preliminary concept of market failure.

### **Preliminary Concept = Market Failure**

#### **Properties of Market Failure**

Withdrawal of services, closure of facilities, absence of choice

#### **Dimensions of Market Failure**

High social exclusion, low social capital

Properties and dimensions of preliminary concepts deepen the data analysis through abstraction of new ideas from the concept. This is achieved through thinking about the data and reading more deeply around the research question. The development of

properties and dimensions constitutes the grounded theory process of axial coding as it takes the data to a new level of abstraction. (Goulding, 2002).

#### 4.9 Interview with Disability Action Network (DAN)

I have included the interview with Disability Action Network (DAN) because they added a new dimension to the preliminary concepts that were emerging from the data. DAN was set up with a grant from Sandwell Council and its business plan stated.

*“Around 1995, if not earlier, it was recognised that Sandwell had many organisations providing services for people with disabilities ranging from small charitable groups to health authorities, but there were no services addressing the social and institutional disadvantages faced by people with disabilities.”*

At this stage I interviewed Disability Action Network. The manager of DAN, saw their mission as:

*“Tackling the social and organisational barriers which face people with disabilities as citizens and service users.”*

DAN members saw the “barriers” which people with disabilities face as citizens as being the attitude of society, as represented by the medical model of disability, rather than the social model of disability. This interview was conducted with the Project Manager and the Information Manager of DAN. The group held a regular weekly

network meeting, at which people with disabilities were encouraged to talk about their experiences and their involvement in DAN, which for some was considerable and included being on the steering group, producing a taped newsletter and attending various “actions” that DAN organised as part of its campaigns to highlight the attitudinal, as well as physical barriers that faced disabled people. The discussion ranged around the future structure of DAN and the likelihood of it becoming less dependent upon grant funding.

*“We are a not for profit organisation right and that’s how we want to go forward.”*

The manager on her feelings regarding charitable status

*“For disabled people, charitable status, can be associated with the medical model of disability, rather than members being able to support one another in a co-operative way”.*

For DAN, social enterprise was very much tied up with independence, autonomy a rejection of traditional forms of charity. In that context, social enterprise was seen by DAN activists to be distinct from the voluntary and community sector.

*“The voluntary and community sector, as opposed to social enterprise, relies upon charity and philanthropy and that is, or should be, alien to people with disabilities.”*



DAN had undertaken market research and estimated its market as follows:"

*"Our market research shows that there are 3 times as many disabled people as are registered with Sandwell Social Services i.e. people who are not covered by the provision of the DDA (Disability Discrimination Act). That gives DAN a potential membership of 55,000 people of which 14% would be from ethnic backgrounds."*

#### **Analysis Memo relating to this interview**

Following the interview I wrote the analysis memo below

The feeling or attitude to philanthropy is an interesting insight at this stage. This is because for the first time I have interviewed an organisation that was started as a voluntary and community sector organisation and wants to become a social enterprise, where as all the other organisations interviewed so far, were established as social enterprises. This may have important implications for the direction of the research.

27<sup>th</sup> November 2000.

Again I made a note relating to the codes from the interview data and produced a preliminary concept - Grant dependence.

**My Note:** The manager was adamant that DAN was not going to be a charity and also associated Charity and dependency upon grants with a negative perception of disability – that of the social model of disability. This is contrasted with the perceived advantages of co-operative working and independence. This suggests two opposing ways of viewing service delivery. This is not a value judgement on what is being said.

**Interview data:** *“For disabled people, charitable status, can be associated with the medical model of disability, rather than members being able to support one another in a co-operative way”.*

**Preliminary Concept - Grant dependence**

Again, I thought through both the properties and dimensions of Grant dependence

**Preliminary Concept – Grant dependence**

**Properties of the Concept**

Reliance upon philanthropy, dependency upon grants – lack of independence

**Dimensions of the Concept**

Two differing traditions, that of philanthropy, and charity versus co-operation and self-help

It should be noted that this particular preliminary concept was the subject of controversy in the Action Research Group (ARG) at a later stage in the research.

#### **4.10 Interview with DNB Recycling**

DNB, which stands for Do Not Bin, was a kerbside recycling company. It was started by a partnership consisting of Dudley Council, Groundwork (an Environmental Trust) and tenants and residents from the Wrens Nest area of Dudley. The company recycling activity is not carried out in the Wrens Nest area, but is located on an industrial estate in Brierley Hill. In 2000, the local partnership, which had been formed to develop social enterprises in the Castle and Priory area of Dudley decided that as it had a growing clutch of grant-funded service provision organisations, which

included the Wrens Nest Food Co-operative, that was interviewed earlier. The manager of DNB was a mature man, who had previously been involved as a volunteer and had graduated to be employed by the company. Previously, to joining DNB, he had been unemployed for some years as a result of redundancy from manufacturing industry in the Black Country.

The manager began by telling me how DNB had got started.

*“We started by going out and knocking a thousand doors and attempting to find five hundred customers, which is quite difficult, and then we started the round and we started to service them. And to be honest, we did quite well. It worked but it was slow.”*

The manager focuses upon one particular employee, a labourer, who was previously “*virtually unemployable*”, prior to working at DNB.

*“Not because of his skills and abilities but because he has been out of it (employment) for so long.”*

*“Because he’s now got the confidence, that’s an important part of it”*

I asked the manager to clarify if he considered DNB to be a stepping-stone to mainstream jobs, for people who have been unemployed, or is it a way to organise a the delivery of a service?

*“I think it’s a combination of the two. I mean obviously, if we haven’t achieved that situation (as an employer) in twelve months, I’ll be disappointed, if we haven’t entered the mainstream.”*

DNB at the time of the interview, had six full time employees and had been trading for one year. The manager was at pains to stress the significance of the social enterprise model.

*“One thing that didn’t surprise me, perhaps it should have done; (laughs) is that not only are you looking at six individual wage earners but you are looking at the effect that has had on them.”*

The manager has a personal affinity with the company and its role as an employer.

*“I was out of work for a while and I was completely different. You ask my daughter, do you want the old man as he is now, or as he was when he was out of work. It has an effect that runs through the whole company. That to me is something that I never really thought about it – the knock on effect from myself to the people around me.”*

The interview lasted approximately an hour and a half and at the end I thanked the Manager of DNB and returned to my office, where I prepared the following memo.

#### **Analysis Memo relating to the DNB interview**

What surprised me about the interview, was that we hardly touched on the technicalities of the recycling business and tended to stress the pay off in terms of the



companies value of employing local people. In turn, there are references to customers, which have not been referred to in any previous interview, where the accent is very much upon members, volunteers, users etc. 12<sup>th</sup> December 2000

By analysis of this piece of data and continuing reference to other interview data and memos I was able to arrive at the following preliminary concept.

**My Note:** The manager was at pains to stress the additional facilities provided by DNB, over and above the collection and sorting of recyclable materials.

*Interview data: “Not because of his skills and abilities but because he has been out of it (employment) for so long.”*

*“Because he’s now got the confidence, that’s an important part of it”*

**Preliminary Concept**

**Implementing values**

Further analysis of the data revealed the following properties and dimensions around the preliminary category.

**Preliminary Concept – Implementing values**

**Properties of the Concept**

Social Values,

Contributing to the community,

Giving people a chance

## **Dimensions of the Concept**

Balancing priorities,

Innovating ways through problems,

Participation of employees.

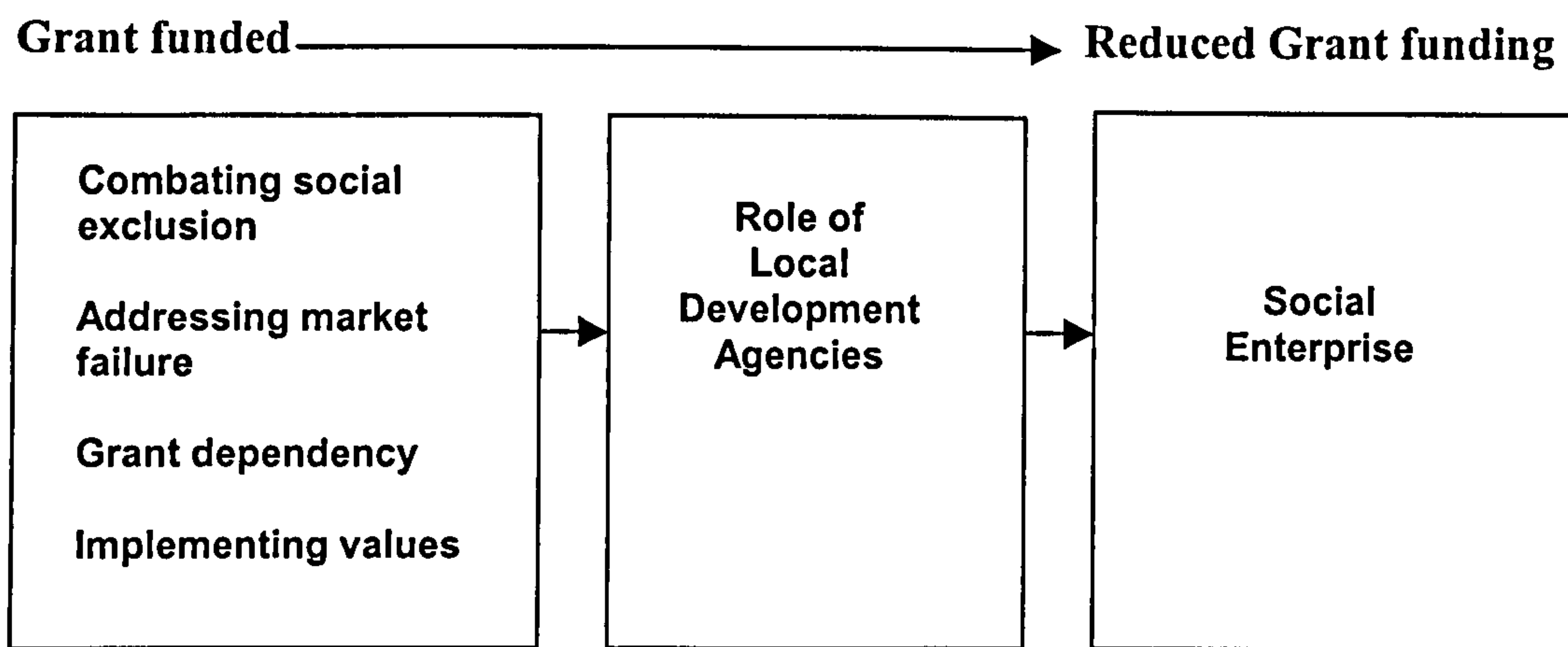
### **4.11 Beginning to think in the Abstract**

In this Chapter I have attempted to show how data was collected through interviews with grant-funded service delivery organisations and how from data, codes and preliminary concepts were developed. The preliminary concepts developed were:

1. Combating Social Exclusion
2. Addressing Market Failure
3. Grant dependence
4. Implementing values

The preliminary concepts represented a baseline position of grant funded service provider organisations. There was evidence from the data that the organisations were combating social exclusion, addressing market failure and managing the multiple-bottom-line. Although there was evidence of enterprise within the organisations and a desire to move away from grant dependence, there was no evidence that this was being approached in a planned way. I therefore began to think abstractly about the preliminary concepts as the point from which the move to reduced reliance upon grant funding would commence. This situation could be represented by the following model in Figure 4.

**Figure 4: Reducing Grant Funding**



On the left of the model are the preliminary concepts that were revealed by the interview programme and on the left is the ambition of reducing grant funding. Between these two positions is intervention of Local Development Agencies in assisting organisations to become social enterprises and therefore reduce their requirement for grant funding. The next part of the research was to establish how development workers in LDAs were approaching the move from grant funded service provision organisations to social enterprise.

Supporting these organisations to move away from grants towards social enterprise seemed to me from personal experience as a provider of business support to be a break with the traditional role of Local Development Agencies (LDAs) the more traditional purpose of which was to assist groups to access grants to enable them to meet identified needs within a community. How this could be achieved became the substance of my subsequent research question, which I captured as follows.

**How do Local Development Agencies (LDAs) support grant-funded service provider organisations become social enterprises?**

#### **4.12 Conclusion to Chapter Four**

This Chapter has detailed the interview programme conducted between 2000 and 2001. I have attempted to show how Grounded Theory was employed to analyse data from the interviews and to arrive at the preliminary concepts, properties and dimensions. I have then gone on to show how the research question was constructed from the preliminary concepts, properties and dimensions. The answer or answers to this question, I reasoned, would provide LDAs with a theory of social enterprise that would enable them to appreciate how social enterprise was different to supporting, what I called their “traditional” voluntary and community groups.

The next stage involved me working more closely with LDAs to gather data from their perspective of the problem, I also needed to continue to deepen my reading, around the preliminary concepts and to continue to write memos around data that was gathered from three sources. Firstly, my involvement in the Action Research Group (ARG) who were conducting an action research project relating to the development of a regional support framework for social enterprise, secondly, through my involvement with Herefordshire Voluntary Action, who were interested in starting to support social enterprises in Herefordshire. The third source of data generation was my interview programme with LDAs across the West Midlands. These are detailed in Chapter Five.



## CHAPTER FIVE

### **Data Collection and Analysis: 2002-2003 – Work with the Action Research Group and Interviews with Local Development Agencies**

#### **5.1 Introduction Chapter Five**

Chapter Four was concerned with open coding, axial coding through properties and dimensions which revealed the preliminary concepts. Chapter Four also marked the beginning of abstract thinking about the move from grant funding of service provision to reduced requirement for grants and social enterprise. This enabled me to arrive at the preliminary concepts of the research study structuring the finally refined research question around the ability of LDAs to support groups to move from grant dependency to social enterprise.

This period of data collection and analysis was conducted throughout 2002 and 2003, firstly, with the Action Research Group, secondly, with Herefordshire Voluntary Action (HVA) – an individual LDA and thirdly, with LDAs in the West Midlands. All of the activities of collecting data from these three sources were conducted simultaneously, and therefore the interplay of the data contributed to the development of the conceptual framework of social enterprise.

Throughout 2002 and 2003 social enterprise gained in prominence within the West Midlands. This was as a result of a national drive by the Department for Trade and Industry to promote social enterprise as a means of creating markets in deprived areas

and assisting in reforming public services. As previously mentioned, the West Midlands response was to develop a regional action research programme funded by the Single Regeneration Budget. My organisation successfully applied to the programme for funding to undertake a regional action research project called the *Social Enterprise Infrastructure Project*. This project involved the forming of an action research group, which consisted of managers from LDAs around the region. Some had an interest in social enterprise and some were concerned more with what I have called “traditional” voluntary and community sector support that ranged around finding grant funding.

The group also included people who came from the co-operative movement – particularly Co-ops UK, which was then the newly formed umbrella body for the co-operative movement. I took my research question and the preliminary concepts to a meeting of the ARG early in 2003 and I continued to analyse and code data that was gathered, from notes taken at meetings of the ARG

## **5.2 Working with the Action Research Group**

I did not present my preliminary concepts at the first meeting of the ARG in January 2002. However, I continued to gather data around the preliminary concepts and the work of the ARG is presented within the preliminary concepts. I did not present my preliminary concepts to the ARG immediately because I was aware that the ARG had issues that it needed to address in order to become an effective research group in its own right. My preliminary concepts, I thought would at that stage complicate the process of developing the ARG.

The ARG should be seen in the context of the regional action research programme and the issue of how to create a regional support framework for social enterprise in which it was trying to find the most appropriate way to link LDAs into a regional support infrastructure. Whereas my research was concerned with how LDAs could improve their services to grant funded organisations that wished to move to social enterprise. I did however collect data from the ARG that was considered to inform the development of my research.

### **Preliminary Concept – Grant dependence**

Here I am analysing data within the preliminary concept of Grant dependence and data collected from the ARG. The first issue that the ARG therefore had to struggle with was the scope of the action research it was conducting. Was the regional support framework to cover the social economy in general or be restricted to social enterprise? (The social economy is the sum total of all organisations that trade or provide services for other than private profit.) This was a question to which in its first meetings the ARG spent a great deal of time debating.

The ARG decided that for clarity the focus of the infrastructure project would be restricted to social enterprise. I recorded that this decision indicated that social enterprise was part of a something much wider. I labelled this as “the social economy” and that the social economy which would encompass all not for profit organisation ranging from co-operatives to voluntary bodies and charities. This discussion was not about what to include: but what not to bring within the confines of the action research project. I kept this in mind as data relating to the ARG was

collected and later came up with an additional preliminary concept that of the *origins of the social economy*.

The different approaches of LDAs on the ARG also linked to the preliminary concept of Grant Dependence. I noted that within the ARG there were two distinct views of social enterprise. Some of the members of the ARG were Councils for Voluntary Service and offered a wide range of services to the voluntary and community sector. They were enthusiastic about the prospects for developing grant-funded service providers into social enterprise within their local communities, while other members of the ARG came from LDAs that were dedicated to supporting social enterprises.

Other organisations in the ARG were dedicated to supporting social enterprises as part of the co-operative movement. As such, these organisations considered grant funding to be contradictory to the notions of co-operative principles and values of self-help and mutuality. This group considered social enterprise to be very much the province of the co-operative movement. They also considered that the voluntary and community sector should not be involved in social enterprise but should concentrate upon its more traditional role. In the view of this group of LDAs within the ARG there are two traditions in the social economy. The first of these are co-operatives - seen as providing self help, mutuality and solidarity. The second view is the voluntary sector - seen as leading to charity and grant dependence.

There was a point of reference for this view in my interview data with the grant funded service provision organisations. In the interview with Disability Action



Network, the manager had also expressed the view that charity could be identified with the medical dependency model of disability and was therefore to be avoided. Unfortunately, Disability Action Network had closed at the end of its grant funding. It appeared that they were antagonistic to charity but not to grant funding. My notes show that I was sceptical about the position that the co-operative movement was taking as it seemed to me at the time that the LDAs in the voluntary and community sector were essential to improving support to organisations that wanted to move away from grants to social enterprise.

As part of the action research programme a market analysis of social enterprise support organisations was undertaken by my colleague Ranjit Bansal and presented to the ARG. The market analysis showed that there were in the West Midlands area, three dedicated social enterprise support organisations and that these three organisations were confined to the industrial areas of Birmingham, Coventry and the Black Country (Newis and Bansal 2000). In these three areas the dedicated organisations had been working in their area since 1982 and I labelled them 'established'.

In other areas of the region, both urban and rural areas, it was Councils for Voluntary Service (CVS) that were beginning to look at social enterprise. I labelled these organisations as 'emerging'. The label emerging was used to highlight that social enterprise was an emerging and new service that these LDAs were trying to develop alongside their traditional role of supporting voluntary and community sector

organisations to look for grants. This endorsed the appropriateness of my research question and focus upon the voluntary and community sector LDAs.

When reviewing this market analysis the co-operative members, including the two “established” LDAs who were present on the ARG took a somewhat defensive line. Their initial reaction was that the voluntary and community sector would not be able to assist social enterprises. This was for two reasons. The first of which was that voluntary and community sector development workers did not have the skills to assist social enterprises and were not as able as workers in the co-operative movement to write business plans. The second reason was that the values of the voluntary and community sector would not enable LDA’s to work with social enterprises as social enterprises were able to make profits but not to distribute them.

The ‘established’ LDAs thought that the voluntary and community sector was too ‘touchy feely’ to become involved in supporting social enterprise. They also considered that the voluntary and community sector LDAs should not get involved in social enterprise as:

*“That’s what we do”*

Although this was not particularly constructive in terms of the development of the ARG, it did show that the established LDAs were aware of the growing threat of competition from emerging LDAs and the idea that there was a market for social enterprise support.

### **Preliminary Concept - Addressing Market Failure**

A further change impacting upon the ARG was that some of the grant funded service provision organisations in my original interviews and others that were not in my interview cohort, had closed at the end of their grant funding having failed to either secure forward funding or to develop other income streams through trading activity. As a researcher this seemed to me to prioritise the need for LDAs to be able to offer support to grant funded organisations, to enable them to perhaps avoid closure. A discussion ensued at the ARG relating to why these organisations were not surviving beyond their grant-funding regime. There was a general consensus that the organisations in question had closed because of structural faults in the way in which they were established. By this it was meant that the organisations were established because grant funding was there was to provide the resources. The availability of grant funding replaced the need to play for the market development to ensure the ongoing sustainability of the business.

A further problem with establishing grant funded service provider organisations, rather than sustainable social enterprises, was that grant-funded organisations were geographically restricted to trading in the area in which the funding could be spent. Single Regeneration Budget was targeted at small pockets of deprivation – such as the Wrens Nest Estate. Therefore the market for the organisation was restricted to that geographic area, rather than the organisation being able to contract more widely in order to grow its market.

It was suggested by the ARG that market development should be adopted in which growth was planned for from the start of the organisation. It was at this stage that I began to develop theoretical memos in which I conceptualised the possibilities of LDAs assisting grant funded service providers to move from one state - grant dependence, to social enterprise and what that might mean in terms of the changes that would be necessary for LDAs to adopt to assist grant-funded organisations making that transition.

I continued to conceptualise around data collected at meetings of the ARG as the work on the *Social Enterprise Infrastructure Project* continued to develop. I was also building upon the preliminary concepts developed in the interview programme with grant-funded service providers. However, largely due to my newness to grounded theory, I was not completely confident at that time in conceptualising at this level, preferring instead to gather more data from direct interview and observation. It was at this stage that I turned to Herefordshire Voluntary Action.

### **5.3 Can Do Fencing Case Study**

At the time that the ARG was working a number of grant funded service provision organisations began to struggle as grant funding was beginning to move towards its completion. This was particularly so in Dudley where the food co-operative previously interviewed was threatened with closure. As part of its work, the ARG prepared a case study of an individual grant funded service provision organisation which was based upon a real life situation. The company went under the alias of Can Do Fencing. The case study was treated by myself as a piece of data which provided



me with an insight into how grant funded service provision organisations were established on the basis of a combination of Single Regeneration Budget Funding and a Local Authority Training Scheme for unemployed people, which trained them in how to assemble fencing. The complete case study is attached as Appendix One but an extract from the case study reveals how it details the processes underlying the establishment of the fencing company.

‘Can-Do Fencing was established on the basis that in return for £90,000 per year it would erect specialist fences for an agreed number of houses. Thus there would be a standard unit price per house. The fences were being made by another entirely separate project, which was agreed by the enterprise steering group within the SRB Partnership.

The business was encouraged to start trading immediately as regeneration funding had to be spent. They were advanced funded for the first month of trading, and submitted invoices monthly thereafter. However, at this stage they had not signed a contract with the procurers – the Housing Department.’

(Can Do Fencing, Case Study: p 3)

The above extract from the case study points to one of the problems with the grant funded service provision organisations that had been in my interview programme in 2000 – 2001. Clearly, Can Do Fencing was established because there was funding to establish it, rather than because the market for its services had been researched and had identified a gap in the market for community based landscaping and fencing. The rationale for the grant funding to start Can Do Fencing was that it created jobs, rather than creating a local market for landscaping and fencing services. Thus, when the last piece of fencing, in the last garden, in the last street on the Wrens Nest Estate was completed, there was no market developed to sustain Can Do Fencing or the jobs that

it was supporting. From making notes around the Can Do Fencing case study I developed the idea that social enterprise was a response to a gap in the market, while grant funded service delivery was a response to a gap in the fence. I took these thoughts forward with me into the work with Herefordshire Voluntary Action.

#### **5.4 Work with Herefordshire Voluntary Action (HVA)**

Herefordshire Voluntary Action (HVA) was a Council for Voluntary Service and an LDA. It was only established in 2003 as an amalgamation of four previously separate Voluntary Services in Herefordshire. HVA had been awarded funds under the Regional Action Research Programme of which the *Social Enterprise Infrastructure Project* was also a part. The funding financed a development worker to work with groups to develop social enterprises. This was in line with the intention of HVA to add social enterprise to the range of services that it offered to grant-funded service provision organisations. HVA was located in an emerging area of social enterprise support.

I was able to conduct several interviews with HVA during the time they were establishing their social enterprise facility. The development worker who was to provide social enterprise support, was an experienced community development worker and was well qualified and resourced. In spite of the worker being experienced and well resourced, social enterprise had come as a shock. The interview below took place at the offices of HVA in the centre of Hereford. The worker began by assessing how they evaluated the six months in which they had been delivering social enterprise support. Although this interview was taped, it was conducted in a very informal way. I

began by asking how the experience of working on social enterprise had been for them as workers in HVA?

*“An eye-opener really, obviously, felt, well considerably fumbling around in the dark. I’ve enjoyed the things that I’ve done. Instructive comments as well as negative comments because I’m very good at giving negative comments. I just feel that the whole of social enterprise is clouded in mystery. From Hereford’s point of view, we know that it is the big buzz word at the moment and everybody wants to get involved with it, which makes me very sceptical. There’s plenty on the Internet to download and read, there’s plenty of that, to read.”*

I asked what in particular the worker had found to be so mysterious about social enterprise?

*“Well, I wasn’t aware that Community First (a similar organisation in Worcestershire) had a social enterprise worker, I didn’t know that until we had that meeting with business link. The difficulty I have had is that I have been doing community development work and this (social enterprise) is proving quite difficult”.*

*“I’ve said to the Chief Exec (of HVA) that I don’t see HVA doing social enterprise with just a single body being the social enterprise development worker. I just think that it’s a community development worker that’s got a particular social enterprise background or skill or knowledge and that’s how because things have moved on now.”*

I asked about how easy it had been to access knowledge about social enterprise.

*“I had done a little bit of you know, telephone research and stuff, I mean speaking to ICOM (Industrial Common Ownership Movement) and they in their records didn’t have any social enterprise development, closer than Wales – Swansea I think it was. There is a huge gap in the West Midlands. That was me going round trying to find out and they said oh no we don’t have any social enterprise development workers in your area and yet Community First have one and no one knows about it. Why is that? Why wouldn’t they know about it or am I just being completely thick?”*

What training had they undertaken and how effective did they think it had been?

*“You know that Legal structures seminar we went on, well I thought it was useful but probably not at my time in my life, at that stage with social enterprise slightly over my head, some of it was and some of it wasn’t but because I hadn’t got any grounding in it had gone one step too far, I think as I said to you before, I just feel whether I’m being distracted all the time with other community development work, because I’m more familiar with community development work, it’s the easier route to take. Does that make sense?”*

## **5.5 South Wye Recycling**



We then focussed upon a particular case in point in which the development worker had been working with a particular group who wanted to start a social enterprise – South Wye Recycling. South Wye was a grant funded service provision organisation and a charity that provided recycling services – emptying of bottle banks and sorting of bottles, paper and aluminium cans. As a grant funded organisation, South Wye had become insolvent. It was proposed to re establish South Wye as a social enterprise and the worker whom I was interviewing was a key player in providing support to the new group that wanted to re start South Wye.

The second case that is mentioned in this part of the interview is Healing Earth which was a private company, providing holistic therapies in the Herefordshire area. The owner of the business had enquired about converting the company into a social enterprise.

*“South Wye to go with from a learning point of view. Because he’s (the client) been obstructive and he hasn’t communicated with me and you know, as I said to you before, the organisation (HVA) wanted me to back off, because he doesn’t hold us in high regard. And you know, Healing Earth I haven’t heard from them. I feel in a way that I have let the project down in some respects because I haven’t achieved very much.”*

What would make a difference in assisting them to develop their social enterprise facility?

*So from my point of view and for any social enterprise development worker, who wanted to go into the field, some sort of guidance notes, you know, the general rule of thumb, then I think that would be something I would benefit from. And having a dossier, of information, draft rules, a start up pack really. A toolkit really, I like those sorts of things. Having a file, legal options, start up funding you know because generally, we are talking about firms that need financial assistance, so that people who are working on social enterprise development can go and do their hard work."*

#### **Analysis memo relating to this interview**

The following note was made following the interview

For the participant in this interview the issues did not revolve around the key concepts that have been identified earlier in this research.

The interview moves on from those key concepts to the "how" of social enterprise. These are essentially concerned with knowledge, uncertainty, lack of confidence in processes.

*"Am I being completely thick"*. Asks the interviewee.

*"Its been an eye opener"* the interviewee comments. 15<sup>th</sup> June 2002

At this stage I was becoming increasingly aware of how mysterious social enterprise was to the development workers in HVA and also how they were looking for "*rules of thumb*" and "*toolkit*" to enable them to move forward to social enterprise. I therefore began to theoretically sample the differences between grant funded service

provision and social enterprise and to conceptualise how workers in LDAs could change their practice which was supporting grant funded service providers - as defined in the preliminary concepts - to another stage of development that of social enterprises. This interview also raised two points that I thought, had relevance for the research question. Firstly, that social enterprise was not simply about having a development worker on the ground, but was also about how that worker is supported by their organisation and by others in the field. The second point that interested me was that the interview indicated a need for better co-ordination between agencies as the worker in the interview did not know that a sister organisation, in the next county, had a social enterprise development worker.

These two points indicate the need for co-ordination of the support that was to be provided to grant-funded service provision organisations to enable them to move to social enterprise. That co-ordination seemed to be necessary both internally - between workers in the same LDA and externally between organisations offering social enterprise support in a geographic area. At this point, the idea that grant funded service delivery organisations were confined to working in the area in which they were located, rather than being driven by the market for their services, also interested me..

To follow up on these strands of thought I conducted an interview with the Chief Executive Officer of HVA. This took place at the HVA offices in Hereford. I began the interview by outlining the interview with the HVA development worker which had identified that if they were to be successful in moving community development

workers to social enterprise development workers, we there would need to be commitment to social enterprise at an organisational level, rather than simply focusing upon the abilities of the worker. The Chief Executive Officer responds.

*“Okay, can I tell you where we are coming from. We want to build a social enterprise, skill, culture, a way of looking at community development.”*

The CEO was anxious to talk about the future of grant funding.

*“We feel very strongly as an organisation that with grant funding generally being cut back that organisations ought to be encouraged to look at a sustainable future for themselves and to make use of what skills they have to develop their own forms of micro social enterprise to support their groups.”*

We then turned to the issues within the Voluntary and Community Sector in adapting to social enterprise.

*“There’s a difficulty in the community sector that in looking at social enterprise they are thinking big but what they should be thinking about is Leominster Morris buying up an orchard, to support the Morris dancers for example, or a couple of people setting up a sandwich making catering business, that type of micro level, which is how I’m selling it to community development workers, who have a slight difficulty sometimes concentrating*



*upon the idea of social enterprise, in getting their groups to look at sustainable funding.”*

Where they see themselves positioned in terms of social enterprise.

*“We are keen to develop our skills at that micro level, we don’t see ourselves, particularly being you know, a very business orientated organisation. There must be other organisations that have the skills and that would be duplication, to develop it. That’s how we see our role developing. That’s how we see social enterprise permeating the organisation.”*

For the Chief Executive Officer of HVA, social enterprise was very much tied up with organisational change arising out of the amalgamation of four organisations into Herefordshire Voluntary Action.

*“It’s been difficult for us because we’re an amalgam of four organisations. We’ve had to run very hard in the first six months we’ve only been going six months. The project has not been particularly difficult although aspects of it have, but the idea of social enterprise hasn’t been a problem we have focussed on it. We have been trying to sort out difficulties, as you do you fire fight. We see social enterprise as a way forward certainly for the way we work and also for groups because, as I say, funding is going to become totally impossible for small groups.”*

We then focussed upon the capacity of HVA to deliver social enterprise support.

*“What we want to make sure is that little groups that set up social enterprises have enough support because obviously, you know, businesses can fail and social enterprises particularly very small ones have difficulties, people move on, you know? So you want to make sure that you’ve got enough support there. And not people, scary people but people who have actually done it. It’s no good just talking at a strategic level, you have to go out like you are doing today, and talk to groups, and meet them and develop a trust with them”.*

Social enterprise for community groups.

*“To plant seeds in their mind, because if you don’t they aren’t going to think about it. I mean social enterprise is a horrid word, it means nothing if you are a community group. If you want a little bit of money to do something, you don’t think social enterprise but if you said how about you offering to make sandwiches for the local disco, oh we do that anyway, there we are.”*

Following the interview with the Chief Executive Officer of HVA, I wrote the following analysis memo.

<b>Analysis Memo relating to the interview with the Chief Executive of HVA.</b>
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With both of these interviews I have felt that the research is moving to a new level, in that we are no longer talking about community but about the issues relating to the provision of support to organisations and how difficult this can be. This is very much about knowledge and co-ordination.

At that meeting with the Chief Executive, it became clear that in addition to continuing to support the development worker, we should focus upon the organisational capacity of HVA to support social enterprise development.

This would assist HVA to develop social enterprise support as part of its services to voluntary and community sector organisations.

28<sup>th</sup> June 2002

## **5.6 Interview with the Herefordshire Social Enterprise Development Worker**

The Hereford Social Enterprise Development worker (HSED) was appointed in January of 2003 and had experience in working within the voluntary and community sector. Along with the development worker from HVA, the HSED worker had attempted to develop a social enterprise with a group of farmers who were quarrying stone for the refurbishment of Daw Abbey, which is an ancient monument located in the Golden Valley area previously mentioned. The farmers were quarrying stone on their own farmland.

In a meeting with the farmers, HVA and HSED workers had attempted to persuade them to form a social enterprise and put the profits back into the local community. A bid had been written by Herefordshire Council to support this activity (Sanzeri and

Newis 2002). In this interview the Hereford Social Enterprise Development Worker (HSED) the worker is talking of her experience in working with the farmers.

*"It became clear that here had been a bid written without very much of their involvement, but with the involvement of a council officer who had originally been working with them, but had now left. In hindsight I think it was rather cooked up without too much involvement with the actual volunteers involved in the Stone Tile project, which they very much regarded as a voluntary, charitable-type, doing-good organisation. Apparently they had looked at, pursuing the co-operative route and had rejected it. They didn't want to co-operate with each another, because they were in competition. Training sessions, you know, that was what they wanted to do. As a voluntary organisation they didn't want to get involved in anything as leftie and dungaree wearing as being a social enterprise and that was it."*

**Extract of analysis memo relating to the interview with the Herefordshire development worker**

This very much to me signified the approach whereby a bid is written to set up a community project, rather than developing a market existing for its products or services. This had also been the case in the Can Do Fencing case study, devised by the ARG.

13<sup>th</sup> February 2003



On four occasions over the next twelve weeks, I observed the interactions between the HVA worker and the HSED worker. This was in relation to South Wye Recycling, with whom both the Hereford Social Enterprise Worker and the HVA worker were working to get the company re-established as a social enterprise. Both development workers were attending meetings with the Recycling Company both together and separately. In this interview the Herefordshire Council worker is reflecting upon the experience of working with the recycling group.

*“ What in hindsight, we should have done, rather than identifying the groups who really didn’t want anything to do with it; what we should have done was taken the opportunity to advertise the opportunity for organisations in Herefordshire. We could have said that if there is a group that is interested in setting up a social enterprise, here is the opportunity.”*

The HSED worker begins to explore the idea of LDAs working more closely together to support social enterprise.

*“And because I think we’ve had no understanding from the start as to actually what we were trying to achieve, and whose roles were what in that. My instinctive reaction is to want to cop out. But I thought we were actually trying to work with a steering group of organisations to make the best of this project.”*

**Extract from analysis memo relating to this interview**

Again, there is the sense of chaos about the way in which social enterprise support is being conducted. From no workers in Hereford, we have moved to having two workers, and the situation has got more confusing both for those who are trying to start a social enterprise and for the development workers who are trying to help them. The sector is known for being project led therefore, organisations think that simply having a development worker means you are doing social enterprise – box ticked move on. But it is not that simple, people need to be communicating with each other.

19<sup>th</sup> March 2003

From this point my interview programme focussed upon interviewing workers and managers in LDAs in the West Midlands, who were supporting groups to develop social enterprises. Again, the interviews were conducted using a tape recorder and were informal.

### **5.7 Interview with All Saints Action Network (ASAN)**

All Saints Action Network was a social enterprise development organisation, located in the All Saints area of Wolverhampton, which is a New Deal for Communities area and as such suffers from multiple deprivation.

The interview was conducted with the social enterprise development manager.

*“So we are looking at projects and the first one we have is the Big Garage, which is a car park and I manage that. It was basically a building that lay idle, it was owned by West Midlands Travel and sold to Tesco. We acquired it on a one year lease and basically put it back into use. We used our resources and volunteers to bring it back into use.”*

The worker was keen to clarify his role of the social enterprise development manager.

*“Its like identify opportunities, develop them and set them up yeh, and manage them at the moment its manage as well. At the moment it’s a dual role of development and manage.”*

How are ideas for social enterprise identified?

*“To give you an example, we run a music project, which was the complete idea of a member of the community who didn’t have the were-with-all, to start, so we facilitated him really, helped him get funding.”*

Future plans

*“Most of the others are in development, for instance, we have the Southside Sports, which is this land over here, which is a sports facility, that will have five sport: that will be used by the community an also let out on an hourly basis.*

Here the worker is reflecting upon businesses within the local area supporting each other as a form of social capital.

*“That (the sports centre) probably won’t make money but it is strategically important to ASAN. The Big Garage, does make money and in some ways it will subsidise those more social enterprises.”*

*“Social enterprise, I believe they have put an official category on it now, makes fifty per cent of it’s revenue from income not grants.”*

Here the ASAN development worker is reflecting what was then a growing emphasis upon social enterprises earning income rather than being the recipients of grant funding. Here I conceptualised moving from grants – to earned income as part of the conceptual framework that I was building from the abstraction of data from the interviews.

## **5.8 Interview with Wolverhampton Network Consortium**

Wolverhampton Network Consortium is an umbrella organisation for fifty community networks across Wolverhampton. Networks are made up of voluntary and community sector organisations that come together to regenerate their local area. The interview took place with two development workers who are assisting the development of social enterprises among the networks with which they were working.

*“My role is to work with the central five networks to develop their capacity in terms of organisational capacity and funding. What I am doing at the moment is to identify training needs for the networks.”*

What is understood by the term social enterprise?



*“A self-financing business for the benefit of the community, for profit really”.*

*Yes, it's a business that reinvests its profits back into the community, so it's a business with social aims. It's very much like a business, it must be run on business grounds and that's the hard thing because lots of people are coming along and saying we're interested in letting our church hall out sort of thing, you've got to get them away from community aspirations sometimes to what you really can run as a community business.”*

**Extract from analysis Memo relating to the interview with Wolverhampton Network Consortium**

In this interview the term profit was used as opposed to the term used by the grant funded service providers in the first interview programme which was “not for profit”.

What makes a social enterprise a social enterprise in the opinion of the interviewees is that profits are reinvested in the community. Social enterprise is seen as something that contributes to communities through providing goods and services but at the same time must move away from more traditional community based aspirations.

31<sup>st</sup> March 2003

## **5.9 Conclusion to this Chapter**

At the beginning of this Chapter the four preliminary concepts developed in the interviews with grant funded service provision organisations were brought forward into the new interview programme with development workers in Herefordshire and in

Local Development Agencies in the West Midlands. The four preliminary concepts were: Combating Social Exclusion; Addressing Market Failure; Grant Dependency; Implementing Social Values. Through the second interview programme I was able to conceptualise around these preliminary concepts and to move towards a conceptual framework that articulated what the key differences were between grant funded service provision and social enterprise.

The workers in HVA and HSED had expressed their sense of mystery about how to articulate that social enterprise was different to supporting grant funded service provision organisations. There was a sense of being unable to move from one state of development to another because of a lack of knowledge. Knowledge in this sense was distinguishable from information, of which there was a growing amount on social enterprise. Information, however, was not making the situation easier because it was not being formed into a conceptual framework that would guide workers in their practice of supporting social enterprises.

In the interviews with LDAs – the sense of moving away from grants was starting to emerge from the data and it was possible to compare comments from the interviews with the grant funded service provision organisations to the interview data from LDAs. In the following example the interviewee is commenting upon the likelihood of moving to becoming sustainable through a reduced reliance upon grant funding.

**Grant-funded Service Provision**

*“I can’t see sustainability happening for quite some time”*

*“For us it is all about community”*

**Local Development Agency**

*“Sustainability has to be achieved quickly”*

*“Get them away from community aspirations”*

The constant comparison method of data analysis, which forms part of the ongoing processes of grounded theory, served to highlight how different these two sets of comments were in their approach to becoming sustainable through reducing the reliance upon grant funding. In both the Can Do Fencing case study and the experience of the Stone Quarrying project, no attention had been paid at an early stage to the need to make the social enterprises sustainable and reduce their dependency upon grant funding.

At this stage I was continuously producing memos and using diagrammatic representations to test out my developing ideas. In addition to the preliminary concepts I was beginning to develop categories around such areas as: Sustainability; Knowledge; Working Together. This was all very hazy at this stage in the research. In the next chapter I show how the conceptual framework for social enterprise was developed.

## CHAPTER SIX

### Building the Conceptual Framework from the data

#### 6.1 Introduction to Chapter Six

In the previous chapter, I have outlined how the preliminary concepts were taken forward into the interview programme with Local Development Agencies, including Herefordshire Voluntary Action and Herefordshire Council and how potential categories had begun to emerge. These categories were very hazy at the time and so I re-immersed myself in further data collection and analysis. All the time I was conducting interviews, writing memos and observing, I was attempting to deepen the level of analysis into abstraction and conceptualisation while at the same time remaining faithful to the data.

#### 6.2 Critical Incidents in The Data

These processes increasingly led me to look at the problem as requiring new ways of working – *the toolkit, or rough guide* as expressed by the HVA worker was beginning to take shape but would not emerge at this stage from the data. I was also keenly aware of the potential for *forcing* the data and imposing meaning upon data, rather than meaning emerging from the data. Fortunately, or unfortunately, depending upon how you view what happened, events with South Wye Recycling served to accelerate my thinking.

At this stage, I had been working with Herefordshire Voluntary Action (HVA) for eight weeks during which I had conducted interviews with both development workers and the CEO of the organisation. Two incidents occurred which highlighted the



consequences of not working closely together, as had been recommended in an interview with the Herefordshire Council social enterprise worker. The reconstruction here is based upon my original notes taken during a telephone conversation with the HVA worker and subsequent interviews in which workers reflected upon the issues raised by these two incidents.

The first incident concerned an agreement the South Wye Recycling group believed they had entered into for an LDA to provide them with finance to pay their rent. When the cheque did not arrive the South Wye Recycling people decided to go to HVA and demand that the social enterprise development worker provide them with a cheque. This proved to be a difficult moment for the HVA development worker for a number of reasons.

Firstly, when the South Wye group arrived at the HVA offices, the development worker was not present. No other worker knew anything about the South Wye group because there had been no briefing to inform other project workers that HVA were working with South Wye. Secondly, the development worker who was working with South Wye was not aware that any agreement to provide assistance with the rent had been entered into and thirdly, the development worker was not aware that the group who were re starting South Wye Recycling had rented premises from Herefordshire Council.

*“It came out of the blue to me that the group were at the stage of renting  
premises”* (Herefordshire Voluntary Action worker)

It later transpired that the Hereford Social Enterprise Development (HSED) worker had made the offer of assistance with the rent and had arranged the lease on the premises. These were commendable acts of enterprise by the Herefordshire Council worker. Unfortunately they omitted to tell fellow worker at HVA. The issue was resolved by the arrival of the HSED worker armed with a cheque the South Wye Group took away with them. This represented a breakdown in communication between workers in different organisations.

Eager to support social enterprise Herefordshire Council contracted with South Wye to recycle all of their computers. This represented a substantial piece of work to get South Wye started. The premises were also rented from Herefordshire Council, however, the rent remained unpaid by South Wye Recycling. This ultimately resulted in a court order and the appearance of the bailiffs at South Wye's premises. The HSED worker in a later interview related what happened, to me in an informal interview.

*“And we ended up with a ridiculous situation whereby the bailiff turned up at the same time as the IT staff are sitting down talking about the details of the IT contract the bailiff proceeded to remove the stack of computers which the Council had deposited for recycling”.*

These two incidents, appeared to me to be important in a number of respects, which provided me with a number of insights that contributed to the conceptual framework that I was attempting to build from the data. Firstly, the Council had contracted with South Wye Recycling rather than grant funding them. This was a significant step

towards a move from grant dependency to sustainability. It also contrasted with the strategy employed in the Can Do Fencing case study. South Wye would be able to build upon the contract by seeking other work, whereas Can Do was funded to carry out one piece of work and discouraged from seeking other customers. This seemed to me to be significant in having the potential to build-in sustainability at South Wye, from the outset of the business, whereas Can Do was encouraged to rely upon grant funding.

The second insight was how different the HVA worker found the South Wye group to be compared to the traditional grant funded service provider organisations. The South Wye group were more pro-active and likely to take risks – such as leasing premises and avoiding a number of regulations they considered red tape. Grant funded service provision organisations did not behave in that fashion. LDAs were perhaps more used to a relationship with the client group, whereas the South Wye group were more like customers – not reliant upon a single agency and likely to *shop around* for advice and support.

The likelihood that social enterprises would *shop around* placed a heavy emphasis upon development workers communicating within their organisation – i.e. departments of Hereford Council – where one department was contracting with the social enterprise and another department was suing, the same social enterprise – South Wye Recycling. This also applied to workers between organisations – i.e. HVA and Herefordshire Council.

From this critical incident, coupled with the preliminary concepts and the ideas around knowledge and working together, I began to explore the potential for some core categories that could underpin the development of the conceptual framework – some “rules of thumb” as the HVA worker had put it. This led me to think about a number of rules of thumb that would enable development workers to work more effectively to support social enterprises and to avoid the confusion and lack of knowledge that had continued throughout my work with HVA and Herefordshire Council. Each of these categories, describe the movement from grant funding to social enterprise. This is discussed in the next section.

6.3     **Developing the Categories**

Continuing data analysis led me to the following categories could be adopted by LDAs working to move gran-funded service provision organisations towards social enterprise. It was important to keep that sense of moving from grant funding to social enterprise in mind in order to articulate the change that was necessary.

	<b>Grant Funded</b>	<b>Social Enterprise</b>
<b>Category 1.</b>	<b><i>Client Focus</i></b>	<b><i>Customer focus</i></b>

The reason behind expressing the change from client to customer is to express the way in which both the HVA and HSED workers were required to change their thinking about how they worked with social enterprises. As has been discussed above in this Chapter, one of the differences that emerged from the data and reinforced by the two incidents, was that of the nature of risk. In grant funded service provision organisations, risk for clients was eliminated by grant funding regimes. In social



enterprise development, as exemplified by the South Wye incidents the clients, or customers are more likely to take risks. This might involve taking out loans or putting their own personal savings or resources into the business – as the South Wye group had done in this case. This was in contrast to the way in which traditional grant funded service provision organisations would proceed.

If the category of customer focus, rather than client were adopted it would provide the worker with an identifiable difference between the two groups of clients. Around each category I wrote a theoretical sample that included the following extract.

The HVA workers have become aware that the people who want to start social enterprises are different to the people that want to start new, or manage existing grant funded service provision organisations.

Groups and individuals who want to start social enterprises  
are more likely to:

*“Take risks*

*Go it alone*

*Not have loyalty to a particular agency”*

(Development worker)

If we identify the management of risk rather than its elimination as being the critical difference between community development and social enterprise, the group or individual is the management issue. Therefore, perhaps a focus upon the group, as the customer, is essential to the risk management processes. 20<sup>th</sup> May 2003

The category also had properties and dimensions as follows:

- Category 1.
- From Client Focus

to Customer focus
- Properties
- Customer at the centre
- Seek and review ongoing Feedback
- Manage the customer interface
- Review customer contract
- Dimensions
- Move from risk elimination (Grant Funded)
- To risk management (Social Enterprise)

The move from a client focus to a customer focus would also have implications across the LDA and not simply be confined to those workers who were working with social enterprises. The critical incidents provided evidence that more than one worker could be working with the same group without each worker knowing what the other worker was doing.

- Category 2.
- Grant Funded

Social Enterprise
- Individual Action

Co-ordination

At both an individual and an organisational level, social enterprise development required better co-ordination in order to better serve the requirements of the customer.

*“We came together as an alliance of deliverers because people were being passed around from one person to another or having to come to see all of us.”*

(Development Worker)

Around the category of Co-ordination, I wrote a memo containing the following extract.

In a social enterprise support context, co-ordination is about:

Bearing in mind that development workers in adjacent areas very often do not know who else provides support to social enterprises, co-ordination, would be a key category. How you co-ordinate and share case work on social enterprises, through networking with other providers, particularly to ensure access to markets and growth in social enterprises. How you raise awareness of your services to other organisations and how resources are distributed between customers. How you reduce the potential for duplication in service.

How you define who, in the network, is the lead contact for a particular social enterprise.

4<sup>th</sup> June 2003

Again breaking down the category revealed properties and dimensions that contributed to the development of the category but needed to be made explicit

.

Category 2.                      *Individual Action*                      *Co-ordination*

**Properties**

Share casework, raise awareness, reduce duplication,

**Dimensions**

Gather case studies, strategic awareness-raising, identify duplication, identify knowledge leaders

The third category linked very much to co-ordination but is essentially different in that it is about the ability of the customer to understand what is happening and for providers to be informed of developments in a particular area.

	Grant Funded	Social Enterprise
Category 3.	<i>Scatter gun</i>	<i>Coherence</i>

If social enterprise support was to be provided in an emerging area, there needed to be improved coherence in the service. By coherence I mean that there would be an awareness of what social enterprise support was available in an area.

*“We are now working in collaboration, and because, we now sit round the table on a regular basis we are putting together project ideas that we can deliver as joint ventures.”* (Development worker)

Around the category of coherence, I wrote a theoretical memo from which the following extract is taken.

Coherence concerns the following issues:  
  
Knowing specifically what services are being provided. Knowing what specialist competencies such as marketing, human resources, finance are available. Knowing what gaps there are in provision. Knowing that messages that are given out through raising awareness (of social enterprise) are consistent and achievable.  
  
13<sup>th</sup> June 2003

Again the category had a number of linked properties and dimensions giving the category meaning.





organisational capacity to manage demand within a social enterprise market. The management of expectations that flow from growing confidence that social enterprise can change peoples lives.

23<sup>rd</sup> June 2003

	Grant Funded	Social Enterprise
Category 4.	<i>Capacity Building</i>	<i>Managing Capacity</i>

Properties  
Balancing resources with demand, managing expectations.

Dimensions  
From Needs driven to Market Driven

	Grant Funded	Social Enterprise
Category 5.	<i>Variability</i>	<i>Consistency</i>

Evidence from the interview data showed that the delivery of support to groups such as South Wye Recycling was variable between workers. And in this context consistency refers to the consistency of experience for the customer for whom social enterprise support is being provided.

*“If we can get all those people working together as a multi agency team, wherever somebody comes up with an idea or a possibility, they’re getting from the outset the best possible support and its not an accident, and doesn’t matter where they came from.”* (Development worker)

Around the category of capacity, I wrote a theoretical memo from which the following extract is taken.

**Consistency:** is concerned with gathering of evidence of consistency in the delivery of social enterprise support. Limiting of inconsistency in the delivery of social enterprise support. Planning and improvement in service delivery, gained through customer-focused activity. Social Enterprise also needs to be promoted as a model and not only as one of the services provided by LDAs.

2<sup>nd</sup> July 2003

Category	5.	Variability	Consistency
Properties			
Evidence of consistency, limiting inconsistency, plan improvement: promote best practice, link to customer focus			
Dimensions			
Moving from promoting LDA services to promoting the social enterprise model.			
		Grant Funded	Social Enterprise
Category 6.	Service Provision	Promoting Access	

In this context promoting access is not simply about physical access to premises it was also about how access was provided to different groups and how social enterprise support may be differentiated to facilitate the access of different groups to social enterprise support. Access is both a demand and a supply side of social enterprise support. In the following interview extract, a development worker from an ethnic minority social enterprise support organisation is relating to how established social enterprise support organisations, views new providers entering the local market:

*“Existing players are not ready to deal with new social enterprise support providers as new entrants. They have developed relationships with organisations that compliment their activities, as part of an holistic package of delivery services. They have not strategically or operationally developed relationships with new entrants.”*

*“Its Inevitable that existing providers will need to review future roles. It has many resources that would assist smaller support organisations and perhaps should consider working more closely with them to deliver accessible social enterprise development.”*

Around the category of access, I wrote a theoretical memo from which the following extract is taken.

**Access:** How you ensure that pathways to social enterprise support are open to all groups and individuals. Periodical review of practice and materials, to ensure that they are suitable for all groups in your area. Ensuring that awareness-raising is planned to reach all groups in a certain space of time.

14<sup>TH</sup> July 2003

	Grant Funded	Social Enterprise
Category 6.	Service Provision	Promoting access
Properties		
Create pathways, review practice, plan awareness raising gather best practice in creating access, explore demography of an area.		
Dimensions		
Moving from equal opportunities to diversity and diversification of social enterprise.		



	Grant Funding	Social Enterprise
Category 7.	<i>Grant seeking</i>	<i>Sustainability</i>

Sustainability concerns how social enterprise support organisations plan for the long-term survival of social enterprise support. This had been a constant theme within the research journey and traced back to the Can Do Fencing case study prepared by the ARG. There was a feeling among support providers on the ARG that the move to social enterprise from grant funding was not proceeding quickly enough and grant-funded service providers were going out of business before they could make the transition.

*“I have experience of there being a lot of funding for social enterprise and it was pulled away. I mean there are other areas where they have not started and the funding picture varies from year to year.”*

(Development worker)

Around the category of sustainability, I wrote a theoretical memo from which the following extract is taken.

***Sustainability:*** How you plan market development into the start up of social enterprises. How you co-ordinate with other providers to ensure that the potential for growth is explored strategically. How you ensure that the management capacity and finance are developed in a social enterprise.

30<sup>th</sup> July 2003

Grant Funded	Social Enterprise
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Category 7. Grant Seeking Sustainability

Properties

Plan market development, co-ordinate growth strategies, build the capacity of LDAs to support growth in social enterprises. Market development, Market research.

Dimensions

Moving from a funding to an investment culture

Grant Funded Social Enterprise

Category 8. Funding Driven Knowledge Driven

There appeared to be very little in the way of knowledge sharing between social enterprise providers and also very little knowledge of what social enterprise support was available in an area.

*“When you are in an area, where there is not much in the way of support for the voluntary sector let alone specialised support structures for social enterprises, there is also a lack of knowledge in the local authority about what social enterprise is.”*

(Local authority worker)

Around the category of knowledge, I wrote a theoretical memo from which the following extract is taken.

**Knowledge:** Underpinning the development of practice through gathering and analysing evidence from social enterprise support. Gathering/disseminating best practice. Knowing what constitutes best practice. Disseminating changes in thinking that impact upon service delivery and inform strategic overview.

1<sup>st</sup> September 2003

	Grant Funded	Social Enterprise
Category 8.	<i>Funding Driven</i>	<i>Knowledge Driven</i>

**Properties**  
An evidence based approach, gathering evidence of best practice, sharing best practice

**Dimensions**  
Knowledge consolidates all categories.

This moved me towards the final category.

	Grant Funding	Social Enterprise
Category 9.	<i>Project Delivery</i>	<i>Strategic Overview</i>

The category of strategic overview relates to the interconnections between LDAs supporting social enterprises.

*“By having the strategic approach and by having some imagination and some sense around that we have actually got something that you can build on long term.”*

Development worker

Around the category of strategic overview I wrote a theoretical memo from which the following extract is taken.

**Strategic overview:** Taking an overview of social enterprise and managing the changes between community development and social enterprise development thinking. Identifying the linkages between categories that improve the practice of social enterprise support. Using knowledge to identify changes that require new services.

12<sup>th</sup> September 2003

	Grant Funding	Social Enterprise
Category 9.	<i>Project Delivery</i>	<i>Strategic Overview</i>
	<b>Properties</b>	
	Managing the politics at each level, tracking national developments, managing the politics	
	<b>Dimensions</b>	
	From local politics to local markets.	

What I now had identified were the nine core categories and the properties and dimensions could perhaps, enable voluntary and community sector development workers in LDAs to assist grant-funded service provision organisations to move to social enterprise. At this stage though, the core categories, properties and dimensions were very largely unorganised. Through their work in social enterprise infrastructure, the ARG provided data to assist my further theoretical sampling in organising the core categories, properties and dimensions into a conceptual framework.

6.4 The Social Enterprise Conceptual Framework

Figure 5, presents the findings of the research: preliminary concepts; categories; properties; dimensions, organised into a conceptual framework. In the framework, the preliminary concepts of combating social exclusion, addressing market failure, implementing values and grant dependency, represent the added social value of the voluntary and community sector. The categories are the new ways of working that LDAs need to adopt in order to both preserve the preliminary concepts and also to move to social enterprise.



The properties detail the things that would be different about working with social enterprises. For example the customer would be at the centre of the process of delivering support to social enterprises. The dimensions measure the distance that had to be travelled from existing practice to the practice of supporting social enterprises. For example, as discussed earlier in this chapter, there is a need to move from eliminating risk, through grant funding, to managing risk, which might involve social enterprises taking out loans. The conceptual framework was designed to meet the needs of development workers in Local Development Agencies, who through the interview programme had revealed that they wanted *rules of thumb* to guide them through the mystery of social enterprise.

## 6.5 Conclusion to Chapter Six

I had now moved from the preliminary concepts which emerged through the interview programme with grant-funded service provision organisations, which identified that those organisations were: combating social exclusion; addressing market failure; implementing social values; grant dependency. The preliminary concepts were then taken forward into the interview programme with Local Development Agencies who were attempting to move grant-funded service provision organisations towards social enterprise.

The LDA interviews showed that a sense of mystery about how social enterprise was different to supporting grant funded service provision organisations prevailed among development workers. Interviews had shown a knowledge deficit among workers on how to approach social enterprise and two critical incidents around one particular

social enterprise, enabled the development of categories, properties and dimensions which could be organised into a conceptual framework to provide development workers with “*rules of thumb*” that would enable them to move from grant funding to social enterprise. In the next Chapter I will discuss the issues that flowed from the development of the model and how the conceptual framework was further developed in a range of LDAs in the West Midlands

Preliminary Concepts	Categories	Properties	Dimensions
Combating Social Exclusion	1. Customer Focus	Customer at the centre Seek Feedback Manage the customer interface Review customer contract	Move from risk elimination to risk management
Combating Social Exclusion	2. Co-ordination	Share casework Raise awareness Reduce duplication	Gather case studies Identify duplication Identify knowledge leaders
Addressing Market Failure	3. Coherence	Knowing what services are out there Who has specialist knowledge Identify gaps in provision Consistent messages on social enterprise	Move from local focus to local deliver of social enterprise, mapping provision, promoting access to social enterprise
Addressing Market Failure	4. Capacity	Balancing resources with demand Managing expectations	Move from needs driven to market led
Addressing Market Failure	5. Consistency	Evidence of consistency Limiting inconsistency Plan improvement, promote best practice Link to customer focus	Move from promoting the LDA to promoting the social enterprise model
Implementing values	6. Promoting Access	Create pathways, review practice, plan awareness raising, gather best practice in creating access explore demography	Move from equal opportunities to diversity and diversification of social enterprise
Grant Dependency	7. Sustainability	Plan market development Co-ordinate growth strategies Build the capacity of LDAs to support growth in social enterprises -- market development -- market research	Moving from a funding culture to an investment culture
Implementing values	8. Knowledge Driven	Evidence based approach Gathering evidence of best practice Sharing best practice	Knowledge consolidates all categories
Addressing Market Failure	Strategic Overview	Managing the politics at every level Tracking national developments	Move from local politics to local markets

Figure 5: Social Enterprise Conceptual Framework

**PAGE**

**NUMBERING**

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CHAPTER SEVEN

Critical Review of the Findings of the Research

7.1 Introduction to Chapter Seven

In the last chapter I had arrived at a conceptual framework which identified a number of changes that would be necessary for Local Development Agencies (LDAs) to adopt if they were going to assist service delivery organisations to move from grant dependency to social enterprise. This represented substantive grounded theory findings that were discovered through the analysis of the data gathered through two interview programmes and numerous notes and memos made during meetings of the Action Research Group (ARG). I then devised a strategy for critically reviewing the findings of the research, which is shown below.

Strategy for Critically Reviewing the Findings of the Research		
Theory Component	How reviewed	Chapter
<b>Preliminary Concepts</b>		
Combating social exclusion	Literature	7
Addressing market failure	Literature	7
Grant dependency	Literature	7,
Implementing values	Literature	7
Origins of the Social Economy	Analysis memo	7
<b>Conceptual Framework</b>		
Properties	Evaluation	8
Dimensions	Evaluation	8
Research Project	Literature	8

I adopted this strategy for critically reviewing the findings of my research for two reasons. Firstly, there was a strong seam of literature against which the preliminary concepts could be critically reviewed. Similarly there was literature available that could critically evaluate the origins of the social economy. With regard to the properties and dimensions, however, there was no body of literature against which these could be critically reviewed. The properties and dimensions of the conceptual framework were essentially about taking action, and consequently, I therefore reasoned that the properties and dimensions of the conceptual framework should be critically evaluated in action in LDAs.

The evaluation of the properties and dimensions of the conceptual framework is discussed in Chapter Eight, as is a review of the research project as a whole, which is conducted against what was the most up to date literature on social enterprise, published during the research project.

Grounded theory research considers literature to be a source of existing theory and is read and analysed alongside the collection and analysis of data (Goulding 2000). This provides an additional source of comparison of data. Memos and notes made during interactions with the Action Research Group had provided me with a new avenue of literature to explore. This additional part of my research journey, I labelled as: *The origins of social enterprise*. This forms the second part of my discussion of the research findings.

## **7.2 Preliminary Concept 1 - Combating Social Exclusion**

The critical review begins with the first preliminary concept to emerge from the data – combating social exclusion. At the time that this research study began, literature on social enterprise as examined in the exploratory literature review was in short supply. Literature on the preliminary concepts revealed by the study proved to be both more academically voluminous and diverse and thereby assisted in the deepening of the research. This was the case with social exclusion which although a relatively new term – could be traced to work done by the European Commission in the 1990s (European Commission, 1993) – provided a rich source of further reading - deepening my understanding of the research topic.

The European Commission provides a broad definition of Social Exclusion.

‘Social exclusion refers to the multiple and changing factors resulting in people being excluded from the normal exchanges, practices and rights of modern society. Poverty is one of the most obvious factors, but social exclusion also refers to inadequate rights in housing, education, health and access to services. It affects individuals and groups, particularly in urban and rural areas, who are in some way subject to discrimination or segregation; and it emphasizes the weaknesses in the social infrastructure and the risks of allowing a two tier society to become established by default. The Commission believes that a fatalistic acceptance of social exclusion must be rejected, and that all Community citizens have a right to the respect of human dignity.’

(European Commission, 1993: p1).

This definition of social exclusion pertains to the distance which deprived communities find themselves from exchanges and choices. In a social exclusion context, choices are seen as dynamic and shifting features whereas poverty is defined as being a static condition (Amin, Cameron, Hudson, 2002). Poverty arises from

economic exclusion most usually associated with exclusion from employment. By contrast social exclusion is a much more multi-faceted term, embracing not only the processes of exclusion but also embracing differentiating those groups such as women, lone parents and disability groups, who are unable to access services and to engage in exchanges and choices. The European model of social exclusion is essentially concerned with the role of the citizen and views inclusion as a civic right.

At the time this research project commenced, social exclusion had become a central driver of policy in the UK (Piercy-Smith 2000; Amin, *et al*, 2002). One of the first actions of the government upon its election 1997, was to establish the Social Exclusion Unit (SEU). The SEU was established as a cross-departmental unit attached to the Cabinet Office. The definition developed by the SEU is much closer to definitions of disadvantage rather than the citizen/rights-led emphasis of the European Commission definition. (Coleman, 1988; Collier, 1998; Piercy-Smith, 2000; Bowering, 2002). The Social Exclusion Unit defines social exclusion as:

‘A shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime, bad health and family breakdown’

(SEU, 1998: p7).

Both definitions however, pointed to a wide set of indicators including health, housing, education, training, skills crime, and work. In addition, the SEU developed



targeted policy responses on rough sleeping and teenage pregnancy. There is in the SEU definition, an emphasis upon the delivery of public services in areas of social exclusion. Upon its establishment, the SEU was charged with developing a national strategy for neighbourhood renewal. This was published in September 1998 as *Bringing Britain Together a National Strategy for Neighbourhood Renewal*. The key recommendation of the national strategy was to establish a number of Policy Action Teams. (PATs) which were charged with producing action plans for specific areas of social exclusion.

The SEU defined economic and social change as the causes of social exclusion. This in turn was driven by a more open global economy, involving greater competition and decline of traditional industries such as manufacturing and mining and the growth of knowledge based industries that require higher levels of qualifications (SEU, 1998). Against these conditions, it was recognised by government, that the traditional response of job creation and support was not a sufficient one to be effective in a global economy. In the government view, therefore, social enterprise was intrinsically linked through combating social exclusion to the creation of markets, exchange mechanisms and choices rather than the creation and support for employment.

The grant funded service provision organisations – interviewed in my first interview programme were very much concerned with providing additional market choices. This was highlighted by the preliminary concepts of combating social exclusion and

addressing market failure. At the same time the organisations were involved in delivering services. These services ranged from fresh fruit and vegetables, money advice and savings – as in the credit unions and welfare rights as in the case of Disability Action Network (DAN). As such they were meeting needs that would have been met by either public or private organisations only a decade ago. The organisations were also addressing market failure on the part of both public and private sectors. To some extent I expected to find that there was market failure on the part of the private sector as there was in such areas as financial services and banking facilities on local estates. However, I was less prepared for the extent to which the public sector had withdrawn from service provision, as was clearly the case with a wide range of organisations that were interviewed in my first interview programme. The second preliminary concept – addressing market failure – was clearly evident in the literature relating to social enterprise.

### **7.3 Preliminary Concept 2 – Addressing Market Failure**

In the interview programme with grant funded service provision organisations there was clear evidence that they were providing services in areas where both the private and public sectors had failed to provide those services. This was most graphically illustrated by the Credit Unions, who were engaged in the interview programme. Their description of the rise of *loan sharks* in their area highlighted how in areas of social exclusion unethical if not criminal activity, can rise to provide a solution where traditional market solutions have failed or never been tried.

As identified above, social exclusion was seen as exclusion from the market, exchanges and choices rather than the condition of poverty (Bauman, 1999). Government saw voluntary and community sector and social enterprise as assisting the development of markets in deprived areas (HMSO, DTI, 2001). There were two perspectives relating specifically to markets in deprived areas – the economic view of the market and the social view of the market.

### **Economic view of the market**

In an economic view of the market, markets are defined as a series of rational transactions (Lie, 1997; Slater and Tonkiss, 2001) socially excluded people are remote from these modes of exchange and choice mechanisms but in the economic view of the market there is not recognition of the social aspects of the mechanisms of exchange and choice (Lie, 1997; Spear, Leonetti and Thomas, 1994). Therefore, if people are not in the market that is the market working rationally.

The economic view of the market has been influential in recent times and propelled the introduction of the market into welfare by the Conservative Government of 1979 (Taylor, 2000). In this economic view (Lie 1997) the market does not differentiate between the needs of groups in society such as ethnic origin, gender or age (Miller, 1996; Safati, 2003). Also in the economic view of the market, the market is its own arbiter and there can be no notion of market failure. Market failure is defined as the inability of the market to satisfy the needs of individuals.

Clearly in my interview programme there is evidence of public and private sector market failure in many areas. This was evidenced by DNB Recycling, APNA Homecare and Coachright. All of these companies were delivering services: Recycling, Asian Care and Sports Training, respectively that would previously been delivered by the public or private sector. It was evident from my research that local people –using grant funding – were providing services and addressing market failure. LDAs had a crucial role in assisting those organisations to become social enterprises in order to improve their ability to continue to address market failure as a social issue.

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### **The social view of the market**

While the economic model of the market does not differentiate between women, ethnic and other groups, in a social view of the market, the economic transaction is seen as part of the societal whole (Lutz, 1999; Etzioni 1995). In this model, relationships between players and the environment in which they play is taken into account. (Lie,1997; Crook, Pakulski and Waters, 1994). In the social model of the market the individual, as a social being, moves from being a producer to being a consumer. The outcome of this shift has been identified through the concept of the *consumer society* (Finn, 2003; Bauman 1999). It is envisaged that the consumer exercises greater power within society than producers (Etzioni, 1995). In my interviews there was evidence that groups were unable to consume services in areas in which the private and public sectors had withdrawn from service provision. The answer provided by grant funded service provision organisations was to provide local services.



The social view of the market has given rise to a concern with those who are identified as excluded from its opportunities within the social market (Finn, 2003). As outlined in the section on social exclusion, the restructuring of global economics, including the ending of planned economies in the Eastern European Countries (Lie, 1997) has been a major factor in social exclusion. (Taylor, 2002; Lister, 2003a). In the UK in the 1990s the neo liberal economic model of the market, was introduced into the welfare system. This was firstly represented in the area of public housing (Taylor, 2003) in which Local Authority housing was sold. The market model then moved into other areas of welfare, most notably the care of the young and the elderly (Taylor 2000). In the discussion of social exclusion, the primary measure is not quantitative in terms of how much a person had to live on, but is more qualitative and comparative, in terms of the inequality between groups in society and their ability to participate in the market system (Lister, 2002).

Some authors (Jordan, 1996; Leonard, 1997; Rothstein and Stolle 2003; Lister, 2003) do not see this as a benign development but as a profound shift in social and economic relations. In this literature, local market failure and social exclusion are seen as direct consequences of aggressive globalised capitalism. As global companies make economic decisions, at a local level markets fail, shops, banks, and other amenities close and there is low participation in community life (Lister, 2002). This is very much in keeping with the narrative of the interviews with grant-funded service providers – all of whom were providing services – ranging from financial services to healthy eating awareness that had previously been the role of either private or welfare based public services. Some authors (Leonard, 1997) identify that modern

governments are unable to intervene or to tame global capitalism as the effects of market penetration into welfare fed through into the delivery of services.

•

In the globalised view, the role of Government is no longer to redistribute what is available, justly, but to remove the barriers that support inequality. The emphasis upon social enterprise and the voluntary and community sector could be seen as a contribution to the removal of those barriers of inequality. However, the introduction of the market into welfare, was part of the environment, in which social enterprise and the voluntary and community sector could potentially flourish. As Taylor (2000) commented:

‘The introduction of the market has also offered some routes to empowerment through increasing and promoting the rights of individual service users. The combination of market policies with increasingly confident and vocal user movements has forced mainstream service providers and professionals from public, private and voluntary, non-profit organisations to re-examine their structures and practice’.

(Taylor, 2000: p 30)

Here the author considers the positive potential of exposing communities to markets in that the practice of choice and exchange produces a further positive outcome in which participants gain from participating in the choice and exchange mechanism provided by markets. In the economic view of markets the utilitarian outcome of the exchange is the action of the exchange itself – the *caviat emptor* in which the buyer must always be wary of the potential outcome of the exchange.

Within the perspective that market exchanges entail a social aspect, there are two factors considered to be at work. The first of the factors is an underpinning of the exchange mechanism - i.e. what is socially equitable in the outcome of the exchange. The second factor is that there is an additional outcome from the exchange mechanism that underpins future market exchanges. Therefore at the interface between the market exchange and the social outcome of that exchange is a further concept, linking social inclusion and market exchanges known as social capital. It is this additional concept that I now want to explore within the study as a concept that links social exclusion and market failure as the preliminary concepts within this study.

#### 7.4 Social Capital

In the economic model of the market, the exchange is a rational one, (Blaugh, 1985; Allingham, 1989) whereas in the social model of the market relationships between actors are taken into account (Lie, 1997; Lin, 2001). However, it was believed by authors such as Lie that the market exchange is underpinned by a set of norms of behaviour underpinning the market transaction and provide for trust between seller and vendor that overcomes the reliance upon *caviat emptor*. Within the literature on social enterprise, social capital was associated with and attributable to the development of social enterprise.

‘Support for social enterprises must be seen as part of a wider aim to engage communities in regeneration projects. Building human and social capital is necessary to strengthen local communities which is essential if there is to be successful regeneration.’

(Policy Action Team Report, 1998: p 103).



Smallbones (2000) also associates social capital with social enterprise.

‘Whilst the precise nature of the contribution varies between different types of social enterprise, a key underlying theme is the social capital.’

(Smallbones, 2000: p 62)

Again, like social enterprise, social capital is a new concept that has emerged into the policy area since the formation of the social exclusion unit in 1997. Gamarnikow and Green (1999) have defined social capital as having three modes. The first of these modes of social capital is *Sociological* social capital. This is associated with Coleman’s (1988) work and centres around structures such as the family, educational establishments and religious participation. In this mode, social capital is developed over succeeding generations, through the growth of trust in structures of family and education (Coleman, 1988; Gamarnikow and Green, 1998).

The second mode of social capital is *Political* Social Capital. This is best exemplified in the work of Putnam (1994) and stresses the growth of civic society based more upon institutions of regional government than upon the family and educational structures of the sociological mode. The third mode of social capital is *Economic* social capital. The idea of economic social capital has been developed in the work of Fukuyama (1995). For Fukuyama, economic social capital focuses upon the factors which underpinning market exchanges – such as trust and reciprocity and also



upon outcomes of market exchanges – in terms of the equity of exchanges. As previously discussed.

Although in each of these disciplinary modes social capital has its distinct origins, in the literature there are common themes running through the work of all of these three writers. At the beginning of the research, it was not known to which type of social capital, social enterprise was contributing.

In recent years, social theorists have turned their attention to attempting to renew the foundations of civic society which it is considered have been substantially eroded by the impact of de-industrialization, the rise of the global economy and the social exclusion that has resulted from these periods of rapid economic and social change. (Jordan, 1996; Sirianni and Friedman, 1995; Young, 1999; Young 1999a; Fukuyama, 1995; Fukuyama, 2002). In the writings of these authors, definitions of social capital centre around concepts of trust, civic spirit, solidarity the readiness to join with others to build and maintain communities (Evers, 2001; Coleman 1988; Putnam 1994). Fukuyama credits Coleman (1988) with having first used the term. Putnam's work on the democratic structures of Italian regional government, show a complex interaction of networked organizational forms. Putnam defines social capital as:

‘Social capital here refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions’.

(Putnam, 1994: p 167).

Putnam identifies that the presence of social capital allows spontaneous co-operation. Here, he quotes the activities of informal savings institutions or rotating credit associations. Such spontaneous co-operation would be similar to the credit unions interviewed in the interview programme with grant funded service provision organisations. For Putnam, social capital uses pre-existing social connections to circumvent potential problems of communication and enforceability in underpinning the exchange between sellers and purchasers. Such connections, for example, could be living in the same neighbourhood, sharing the same church. Here, Putnam says social capital serves as a type of collateral in the way that financial collateral would do, in other formal lending situations. Putnam considers social capital to be a key ingredient in the success of regions that have robust institutions of trust and civic commitment, and to have a detrimental impact upon the economic performance of regions that do not have those institutions. (Gamarnikow and Green, 1998).

Particularly in economic and social terms Putnam (1994) considers social capital to be an imperative in the decentralized small-scale industrial districts of Northern Italy. (Jordan 1996).

‘Typically singled out as essential for success of industrial districts, in Italy and beyond are norms of reciprocity and networks of civic engagement. Networks facilitate flows of information about technological developments, about the creditworthiness of would be entrepreneurs, about the reliability of workers and so on’.

(Jordan 1996; p 161).

For other writers, such as Fukuyama (1995), social capital – trust, reciprocity, self-help and mutuality act as a bulwark against the incursions of the global economy. Fukuyama considers that social capital, in a similar way to Putnam, as it reduces

transactional costs that are associated with formal hierarchical structures. For Fukuyama however, social capital is a capability, an enabling trait rather than a set of components. It has also been pointed out (Portes and Landholt, 1996) that social capital can have a negative effect. Drug cartels, the mafia and other criminal groups also employ the norms of trust and reciprocity, although these are engaged for anti societal behaviour.

Social capital is also important because as was shown by Wacquant (1998) who documented how the withdrawal of public services from a socially excluded area led to a decline in social capital. (Sanderson, 2001; Rothstein and Stolle, 2003). There was general acceptance in the literature that social capital is a desirable feature of a cohesive society. What, therefore, was its relationship to the object of this study – social enterprise? There were obvious links between social enterprises, that are creating markets and providing goods and services in deprived communities and the development of trust and reciprocity in those communities. Indeed writers such as Evers (2001) consider social capital to be a crucial contributor in what he calls “*the mixed resourcing of social enterprise*”.

In this mixed resourcing of social enterprise, an element of grant funding Evers suggests could work alongside income from trading in a multi funded package This is particularly significant, given the importance of social enterprise in building social capital. Evers (2001) considers social enterprise to be significant in areas in which the withdrawal of both the public and the private sector, from service provision, has led to a decline in trust and reciprocity generated by the experience of market

exchange. This leads me to discuss the third preliminary concept that of Grant Dependency.

### 7.5 Preliminary Concept 3 - Grant Dependency

I approached the preliminary concept of Grant Dependency in two ways. The first of which arose from the literature and concerned what were the current controversies around how service delivery organisations were funded. The second, as previously explained, arose from data provided by the Action Research Group which stimulated a new round of reading and memo writing around the *Origins of Social Enterprise*.

Beginning with what were the current controversies at the time this Chapter was written, the Voluntary and Community Sector representative organisations – the National Council for Voluntary Organisations (NCVO) the National Association of Councils for Voluntary Service (NACVS) and the Association of Chief Executives of Voluntary Organisations (ACEVO) had proposed a formula which was called “Full Cost Recovery”. The full cost recovery formula stated that voluntary and community sector organisation should be able to cover all of the costs of delivering the service including overheads from a number of sources including both fund raising and trading. More pressingly, the full cost recovery formula demanded that voluntary and community sector organisations analyse the costs of delivering services more accurately (Bhutta, 2005).



The full cost recovery formula had been endorsed by the Cross Cutting Review of the Voluntary and Community Sector undertaken by the Treasury in 2002 and mentioned previously in the exploratory literature review. In the *Cross Cutting Review* the Treasury had agreed that the formula would be adopted by 2006 but by February 2006, there had still been no agreement from Government to adopt the model. (Regeneration and Renewal, 20<sup>th</sup> January 2006: pp7). ACEVO and NACVS had also embarked upon a training programme for Local Development Agencies in how to adopt the full cost recovery formula and also in how to advise service delivery organisations to adopt the model.

A number of assumptions about the voluntary and community sector underpin the full cost recovery formula. The first of assumption is that in providing services the voluntary and community sector added value to the delivery of the service. There is however problems with identifying exactly what this added value consists of or in measuring it.

‘An important aspect of the 2002 cross-cutting review was the recognition of the distinctive or added value that VCO’s could bring to public service delivery. However it is recognised that added value can be difficult to define or demonstrate.’

(Bhutta, 2005: p12).

The second assumption is that while a service delivery organisation might raise funds from other activities including trading, it should not be pressured to do so. Neither should voluntary and community sector organisations be compelled to move to public service delivery. In some way it is considered that delivering public services under

contract in some way undermines the independence of the organisation (Bhutta, 2005).

In the research data – particularly the interview with the disability advocacy organisation Disability Action Network (DAN) another perspective on grant funding appeared. Here, grant funding was seen as the source of dependence, rather than the source of independence. Discussion at the Action Research Group (ARG) centred around ideas of mutuality, self-help and co-operative values just as much as they did the voluntary and community sector. It appeared from this that the meaning of the preliminary concepts of grant dependency on the one hand and implementing values through self help and mutuality on the other hand, were inextricably linked. These ideas led me to me to read more deeply around the *origins of social enterprise*.

## **7.6 Grant Dependency and Implementing Values – charity self help and mutuality**

The discussion of these linked preliminary concepts centred on the controversy between ‘grant dependency’ and ‘self help and mutuality’. As I have stated earlier, social enterprise was seen as contributing to public service reform and the creation of markets in deprived areas through the reduction in social exclusion, the development of markets and the creation of social capital. In engaging in this discussion I wanted to place social enterprise within a continuum of public service provision and the alleviation of social exclusion.

Around these themes, I wrote memos recording that those members of the ARG who had a background in the co-operative movement echoed the feelings of the Manager of DAN who was interviewed in the first round of interviews with grant funded service provision organisations in considering that charity was a negative feature, leading to dependency. Members of the ARG also used phrases like *self-help and mutuality* as being in some way the opposite of grant dependency and charity. I was conscious that the focus of my study was Local Development Agencies and I did not want to lose the focus on the research question that I had struggled to maintain throughout the study. However, it seemed to me at the time that a rounded study of social enterprise would engage with literature on the controversy echoed by members of the ARG between grant dependency – charity and self help and mutuality as implementing values. For continuity, I decided to review the controversy between grant dependency and self-help and mutuality from a public services perspective.

Charity, in the form of relieving the distress of those who were less fortunate, has a long religious tradition. Self-help Friendly Societies have a long history. The earliest legislation governing friendly societies was in the mid Eighteenth Century. Friendly Societies were and still are, societies into which people pay an amount of money as a mutual insurance against future need for benefit. Should the person become unemployed, sick or die, they are then entitled to benefits (Morrison, 1978). Friendly Societies are the forerunner of credit unions such as the ones interviewed in the first interview programme. The Credit Unions interviewed in this current study, reported that their mission was not to compete with the High Street Banks but to compete with the loan sharks who preyed upon people on low incomes.



Friendly Societies worked through contributions made by members, which funded health care, unemployment benefit, and funeral costs in times of need. Friendly Societies also provided for benefits if workers were on strike, reducing the ability of employers to starve workers back to work. The National Insurance Act of 1911 provided Friendly Societies with an additional source of funds which they then administered for healthcare such as doctors visits and hospital stays and visits. At its height in 1945, the Friendly Societies Movement had 18,000 societies nationally and providing benefits in health, unemployment, funeral and accident benefits to over nine million members (Newis, 2003).

In line with the preliminary concept of implementing values - the values of Friendly Societies were implemented through mutual support in which each member had an equal share regardless of the value of their savings. Benefits were equitable and provided fixed rates regardless of the amount a person had contributed. Members believed that there was safety in numbers, that by combining their resources people could be stronger and the strong could help the weak. (Morrison, 1978). The membership of Friendly Society was usually based upon a community – which could be of geography, interest or trade. Many Friendly Societies were established to reinforce a particular set of values such as temperance and worship in particular religious denominations.

The rules of a Friendly Society – *The Rational Sick and Burial Society* – were also used by the Rochdale Pioneers who established the *Rochdale Society of Equitable*



*Pioneers* in 1844. (Fairbairn, 1994). This is accredited as being the beginning of the Co-operative Movement. The problems of poverty, unemployment, low pay and adulterated food bought at shops owned by the mill owner, spurred the formation of a co-operative store in Rochdale. The principles of self-help and mutuality as in the Friendly Societies, underpinned the development of the Co-operative Movement and it was at this stage that self-help and mutuality as a set of values, became distinct from charity and philanthropy. Co-operatives served their members, who could join for a subscription of £1 and receive a patronage payment from the profits of the society. (Fairbairn, 1994).

This could be said to constitute the beginning of a link between enterprise and social values, so prevalent in the definitions of social enterprise in which the values of self-help and mutuality are seen in distinction, to charity and philanthropy and private enterprise. The social values of the Co-operative Movement were to unite capital and labour.

‘The definite co-operative principle is that which places productive co-operation on the same plane as distributive, and which treats capital simply as an agent and not as a principle.’

(Holyoake, 1879: p 72)

The literature on co-operatives talks not only of alleviating poverty but of banishing the condition of poverty and replacing it with a society of co-operators and in this context the values are a means to an end and not the end its itself . The ultimate end is a changed society in which co-operators live equitably. In the interview data in this

study, values are implemented through the provision of the service to certain groups – such as disabled people by DAN, or by the inclusion of people that would be otherwise excluded – such as the volunteers who ran the Wrens Nest Food Co-operative and received basic numeracy training and confidence building. While the interviewees were passionate about delivering their service there was no evidence that they wanted to change society.

## **7.7 Conclusions to Chapter Seven**

In this Chapter I have analysed the two of the preliminary concepts that were revealed by the interview data. In doing so I have evaluated social exclusion, market development and attempted to explain how social capital is a vital ingredient in the relationship between social exclusion and markets. The preliminary concepts against the literature on those particular subject areas and attempted to explain and contextualised the preliminary concepts around social enterprise and Local Development Agencies.

When looking at literature in the area of the origins of social enterprise it revealed what might be called two traditions. Those of charity and philanthropy and those of self-help and mutuality. The manager of Disability Action Network and members of the Action Research Group felt that self-help and mutuality ran counter to charity and philanthropy. The literature revealed that alongside charity and philanthropy were Friendly Societies - mutual self-help organisations providing benefits for their

contributing members. Later, starting in Rochdale saw the growth of the Co-operative Movement as a means of solving problems of poverty, unemployment and poor diet.

Co-operatives were a means to an end – the end being a change in the relationship between capital – which would become the servant and labour – which would become the master (Holyoake, 1879). It is possible therefore, to contrast these two traditions of delivering goods and services. There is evidence that sustainability and reducing reliance upon grants is seen as a desirable state but there is no evidence that charity is viewed in any way as dependence.

Local Development Agencies however, would be well advised to include an much wider explanation of social enterprise – its links to social exclusion, how it contributes to market development and how it builds social capital – in the training of development workers who are working with grant dependent organisations to move them to social enterprise. Similarly, perhaps the development of the two traditions – charity and philanthropy and self-help and mutuality should also be included in staff training and induction programmes. How the conditions of poverty and unemployment were combated by innovative ways through Friendly Societies and Co-operatives should also be of interest to development workers in giving social enterprise a wider perspective.

While I have in this Chapter analysed the preliminary concepts that arose from my grounded theory study, I have not analysed the properties and dimensions of the conceptual framework and in the next Chapter it is to this area that I turn.

## CHAPTER EIGHT

### Discussion of the Dimensions and Properties of the Conceptual Framework

#### 8.1 Introduction to Chapter Eight

In the previous Chapter the preliminary concepts of the conceptual framework were discussed in relation to the literature relating to each particular preliminary concept. This Chapter focuses upon three other areas of discussion. Firstly there is a discussion of the properties and dimensions of the framework. This discussion takes the form of a meeting of the Action Research Group (ARG) at which the potential of the properties and dimensions are evaluated against the experience of the members of the ARG in implementing social enterprise in their respective organisations.

Among the members of the ARG were senior managers of Local Development Agencies (LDAs). During the current research project those LDAs had begun to provide support to social enterprises and therefore the managers were able to reflect upon the experience of developing social enterprises and how the properties and dimensions of the framework might have helped them to integrate support to social enterprise into the other activities of their LDA.

The ARG was therefore reflecting upon how the conceptual framework might help them in the future. I must stress at this stage that this is a reflective evaluation in which the ARG are reflecting upon the potential of the conceptual framework using their experience in supporting social enterprises, as a reference point for their reflection. The LDAs had not, as part of this research, implemented the conceptual framework in their respective LDAs.



The second part of this Chapter is concerned with the literature that had developed during the lifetime of the study and the direction in which the literature was developing. The literature includes both theoretical work and also the development of policy around social enterprise, the voluntary and community sector and public service delivery.

The third part of this Chapter is an evaluation of the research. This is conducted using a grounded theory method of research evaluation and is an evaluation of the processes of the research in line with grounded theory practices. The chapter begins with the ARG discussion.

## **8.2 Action Research Group discussion of the properties and dimensions of the conceptual framework**

The discussion of the Action Research Group was very much a reflective process, focusing upon their experience in supporting social enterprise during the lifetime of this research project. Reflection has been identified as a key component of the research process (Dewey, 1933; Argyris and Schön, 1978; Boje, 1996; Ixer, 1999). Reflection was defined by Dewey (1933) as:

‘The kind of thinking that consists in turning a subject over in the mind and giving it serious thought.’

(Dewey, 1933: p81)

Dewey further defined reflection as being conditional upon being confronted with material – which in this case consisted of the properties and dimensions of the

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CONCEPTUAL FRAMEWORK

conceptual framework. Dewey also referred to the reflective process as the need to confront:

‘a felt difficulty’ (Dewey, 1933: p91).

All the LDA managers in the Action Research Group felt that social enterprise had proven difficult to integrate with the other services they were offering to the voluntary and community sector. What appeared to be particularly problematic for members of the ARG was the confidence of development workers to advise on how to generate income and reduce dependency on grants. This was a starting position from which the discussion commenced.

I began the meeting of the Action Research Group with a presentation in which I outlined the properties and dimensions of the conceptual framework. I outlined how the conceptual framework had come from a research project and how the framework could be adopted by development workers supporting social enterprise. Following my presentation, members of the Action Research Group then reflected upon the difficulties of social enterprise in their organisation.

There was an inference that in the presentation of the conceptual framework I had made the process of adopting social enterprise sound easier than it was in practice. The Chief Executive Officer of Herefordshire Voluntary Action, who had been interviewed in the second interview programme with LDAs, was a member of the Action Research Group at this point. She commented:

*“Chris (the researcher) makes it sound really nice and tidy and easy. In the real world, we have been working on social enterprise for well over a year, its been and very hard and it has taken a long time to get the organisation together into such a state that the things we were being told, made sense to us.”*

Another organisation commented:

*“I wouldn’t say it has been a tidy experience for us, there are disadvantages in being out in front, because you get the benefit of all the times we fell over, and made mistakes, and didn’t do it right, and didn’t do all the co-ordination and collaboration right. “I wouldn’t want anyone to think that from our end it looked as nice and tidy or that were able to benefit from the lessons that Chris has drawn out for us since.”*

This indicated that although it had been a difficult process to adapt to social enterprise the properties and dimensions of the conceptual framework might have assisted in bring co-ordination to assist LDAs to adopt to social enterprise. It might also have assisted development workers to appreciate how social enterprise was both different and the same as community development work.

Although government policy (HMSO, 2004) had continued to develop in the direction of the voluntary and community sector becoming more like social enterprise, there had been no growth in knowledge on how this might be achieved. Similarly, there had been no recognition of how hard the changes would be for LDAs at a local level.

One of the ways in which the properties and dimensions of the framework resonated with the ARG members was that it linked the traditional support for voluntary and community sector organisations to social enterprise rather than being something separate and mysterious. Once this particular difficulty had been overcome it was easier for LDAs to support social enterprise.

*“It came as a blinding light to me and maybe I’m thick, but the link that could be made between the sort of work that all community development and voluntary sector workers do with their groups and social enterprise, because until that point, we were thinking of social enterprise as being something different, something totally arcane, different, something that was alien to us, alien to our groups. We realised it was something that if you are a good community development worker you do anyway”.*

There is a sense here that the conceptual framework and the dimensions and properties in particular could assist LDAs to move between two situations – community development and social enterprise. This is similar to the model for reflecting upon practice developed by Jarvis (1992). As in the Jarvis model, at the beginning of the research there was a perceived expectation among participant LDAs and community development workers that social enterprise would be easily accommodated into their existing services to voluntary and community sector groups. This was followed by a period of dissonance (Jarvis, 1992) as it became evident that



social enterprise represented something fundamentally different. This was very much reflected in the interviews conducted with the development workers from HVA.

There also appeared to be a new feature to social enterprise again in line with the Jarvis model of reflective practice. It appeared that social enterprise had facilitated learning beyond the practice of assisting social enterprise and into organisational development within the LDAs themselves - particularly in relation to sustainability and trading in their own organisation.

*“In order to benefit – or learn – from experience we need to go beyond a recognition that it is uncomfortable, and engage with it and reflect upon it.”*

It appeared that LDAs were drawing the conclusion that grant dependency impacted upon them as much as the groups with whom they were working. This represents a substantial move forward in the thinking of LDAs. They were now considering the option of social enterprise as an internal agent for change which would enable the LDA's to not only *adapt* for social enterprise but to *adopt* social enterprise in order to reduce their dependency upon grant funding. Herefordshire Voluntary Action for example have gone on beyond the conceptual framework to develop a trading subsidiary company. From seeing sustainability and the reduction of grant funding as just consisting of threats, there was now a sense in which social enterprise could present opportunities for developing away from grant funding. Community First is the Rural Community Council for Herefordshire and Worcestershire in the West Midlands. Their senior manager was a member of the Action Research Group (ARG).

She commented on the conceptual framework:

*“When I joined Community First I was very keen to think about how social enterprise could become an integral part of the services that we deliver, and its seemed that through the conceptual framework, there were two approaches we could take. One was looking at internal sustainability and the other was focusing on the services that we deliver to organisations”*

It also became evident at the meeting of the ARG that Local Development Agencies would prioritise particular properties and dimensions in line with their own particular development needs.

*“We realised our focus needs to be on consistency, quality and accessibility and following on from that we have written an internal strategy that is based on the conceptual framework which is trying to incorporate those three things that has been hugely beneficial. Each organisation has their own issues when looking at trading and developing trading and there isn't a straight forward path for many organisations”*

It was very instructive to realise that the framework could be adapted to different conditions and that effectively the grounded theory analysis could continue in each organisation through re-organising the properties and dimensions of the model to suit the distinctive organisational needs of each individual LDA.

*“Lets face it, none of us whatever size we are, want to be in the position to always put our hand out for money, its demeaning for us, for the groups we work with to assume that they always want to be getting hands out and grants.”*

The meeting of the Action Research Group (ARG) had reflected upon the properties and dimensions of the framework and how they might apply in applying social enterprise in their organisation. There was also evidence that the LDAs had gone on to both adapt social enterprise as a service they provided to their grant-funded service provision organisations to assist them to reduce their dependence upon grant funding. It appeared that in beginning to advise these organisations on how to become less reliant upon grants – this had reflected back into the LDA and begun to stimulate internal initiatives around becoming less reliant upon grants and more like a social enterprise. The conceptual framework had assisted in providing LDAs with clarity around how to adopt social enterprise at an organisational level.

It also appeared that social enterprise had moved from being a mystery to being something that LDAs could talk about freely and with credibility. The conceptual framework had been developed against the background of the problems that LDAs had experienced in getting to a position in which they could talk about social enterprise with such apparent confidence. This is in contrast to the critical incident which occurred during the work with Herefordshire Voluntary Action and showed the necessity for working through the core categories of this research project. Next I turned to an evaluation of the literature related to social enterprise developed during the lifetime of the research project.



### 8.3 Engaging with the Discussion on Social Enterprise

During the lifetime of the research study the literature relating to social enterprise had continued to develop in a number of ways. Consequently, I evaluated the findings of the research against this emerging new body of material. The new work at the time included a growing body of work placing social enterprise within the context of the end of welfare capitalism and the creation of a post industrial economy. (Lipietz, 1993; Amin, *et al*, 2002; Davies 2004).

Theory regarding post -industrial society began by a group of French social scientists or – regulationists. (Aglietta,1979; Lipietz, 1987) and by other authors (Bell, 1976; Piore and Sabel, 1984). The industrial or Fordist age was characterized in the work of these authors by mass production and the creation and maintenance of a Keynesian Welfare State (Leonard, 1997). This links to the literature on social exclusion and the withdrawal of both the private and public sectors from the provision of services in deprived areas.

It is claimed that the rationale for the maintenance of the Welfare State was that capitalism needed to maintain the workforce to a standard of health and education in time of both economic expansion and economic recession. During recession the need for labour would decline and the state would maintain those workers through the benefits system and the National Health Service so that they were fit to return to work when the recession lifted and the requirement for labour increased. The State would therefore maintain a reserve army of labour ready for the expansion of industrial capitalism. Welfare capitalism is identified with mass production, trade union power



and the post war consensus around the maintenance and distribution of welfare benefits and the National Health Service.

The argument of the post-industrial school is that in the 1980s due to the development of global markets, branding and technology there was a move from mass production to batch production. Consequently there was a move from welfare capitalism, which characterized Fordism, (Haughton 1998; Leonard, 1997) to neo-liberal economic policy, the purpose of which was to create the conditions for the global expansion of the post –industrial economy (Young, 1999; Bauman, 1999).

Recent work has linked the growth of social enterprise much more directly to the decline of the welfare capitalist economy on a global scale from the 1970's onwards (Amin, Cameron and Hudson, 2002). The renewed interest in the social enterprise the authors claim is based upon two conditions that marked the decline of the welfare capitalist economic model.

The first of these conditions is that because of batch production and technological advances, the need for the maintenance of a reserve army of labour had disappeared. Thus the State began to withdraw from the provision of welfare- leaving gaps in provision that were filled by and social enterprise and the voluntary and community sector at a local level. The post-industrial economy was characterized by flexible specialist production (Piore and Sabel 1984) by multi-culturalism (Leonard, 1997) and the fragmenting of welfare provision (Jordan, 1996; Young, 1999).

‘Social enterprise began to acquire a new meaning as a supplementary source of employment and entrepreneurship.’

(Amin, *et al*, 2002: pp4-5).

Amin, *et al* claim, that social enterprise supports a continuum of organisational models which run counter to the accepted norms of organization within society. Accepted models revolve around public and private sector, profit making. Whereas social enterprise is concerned with narratives of self-help and autonomy. In these economic and social changes, some authors propose is the origins of social exclusion (Jordan, 1996; Amin, *et al* 2002). However, Amin, *et al* (2002) does not trace the origins of social enterprise to the rise of the co-operative movement but place the origins of social enterprise with societal changes in the 1960s. In this current work the origins of social enterprise are shown to be rooted in the struggles of working people going back much further than the 1960s.

I was, however, interested that the authors linked the growth of social enterprise to the development of a post-industrial economy. However, I also recognised from my reading on the origins of social enterprise in mutuality, co-operatives and charity and philanthropy - that forms of social enterprise had existed before the concept of welfare itself. Indeed the formation of the first co-operative by the Rochdale Pioneers had itself been a response to the excesses of industrial capitalism.

Social enterprise - as defined within this current study - could therefore be seen as a continuum in local community responses to the change from pre-industrial to industrial and on to post-industrial society. In each case local communities had responded by using the methods of self-help and mutuality. Throughout the most

recent literature therefore, there is a theme defining social enterprise in relation to the modern withdrawal of the state from public service provision.

As I read further into the subject area, I found that other writers such as Peter Drucker (who died at Christmas 2005) had considered that the change in the economy from welfare capitalism to post-industrial capitalism and as a consequence had redefined ideas of community - particularly in relation to the development of a knowledge economy. Drucker (1998) pointed out that since World War Two, in both democracies and tyrannies, governments had attempted to address the problems of urban decline with social programmes.

Drucker believed that, given the investment in these programmes, the improvements had been minimal. In *Civilising the City* - the introduction to the Drucker Foundation book *The Community of the Future* – Drucker (1998) also distances himself from his previous position taken in his work *The Future of Industrial Man* (Drucker, 1943), that the private sector offered the way forward. Drucker no longer considered the private sector to be relevant in communities given the development of the knowledge based economy. The work of Drucker in linking communities to the new knowledge based economy, represents the closest association with a view that communities represent spaces in which social enterprise can create markets. Central to the creation of prosperous communities, Drucker advocates:

‘Only the institution of the social sector, that is, the non government, non-business, non-profit organisation, can create what we now need, communities for citizens and especially for the highly educated knowledge workers who, increasingly, dominate developed societies’.

(Drucker, 1998: p 43)



This is because, Drucker believes:

‘Only non-profit organisations can provide the enormous diversity of communities we need-from churches to professional associations, and from community organisations taking care of the homeless to health clubs.’

(Drucker, 1998: p 43)

Here Drucker is proposing that a variety of non-profit making organisations act as the glue in holding together a diverse knowledge based society – in the same way as social capital works in markets. This is preferable – Drucker (1998) argues - to government providing funding through regeneration programmes. I reasoned that Drucker’s work was consistent with the preliminary concepts of combating social exclusion and the creation of markets which had emerged from the data analysis in this present research study.

It did however point to the potential for social enterprises to become much more involved in the development of the knowledge economy than they were at the time of this research. Knowledge had been identified as a core category of behaviour necessary for Local Development Agencies to better support grant funded service provision organisations to become social enterprises – that in itself could become a knowledge-based activity.

The proximity of social enterprise to debates relating to the withdrawal of the state from public services had continued to develop throughout the lifetime of the research. In addition to finding new literature linking social enterprise to a post-industrial and



knowledge led economy I also found a further piece of work (Davies, 2004) seeking to position social enterprise much more distinctly as a response to global capitalism.

At the time I was completing this research study – the UK government was establishing a new legal structure for social enterprise. This was called the Community Interest Company (CICs) - in relation to which - Davies (2004) argued that social enterprise is part of the “*Third Way*” between socialism and public ownership and neo-liberal economics and market domination.

Davies (2004) proposes that in the post-industrial economy the state is the enabler rather than the delivery arm of public services. This factor is motivated by advanced technology which speeds up decision making and global markets which dominate the economy and remove decision making away from governments. In this scenario government has less and less control over the economy. Davies then contends that a vibrant social enterprise sector, which is delivering public services, would provide government with leverage against global capitalism. He further argues that government could not have this leverage if services are provided by global companies. Community Interest Companies, Davies (2004) claims, provide government with a means of building a bulwark against global capitalism.

Another area in which social enterprise literature had developed during the lifetime of the research related to risk. In the post-industrial world, the state is the enabler of services, rather than the provider of those services. Writers such as Beck (2004) believe that risk is passed from the public realm to the community and the individual. In this current research project, development workers in Local Development Agencies

recognised that there was a need to manager risk in social enterprise. Whereas in their traditional community development work risk is eliminated through grant funding. This was a key element of the changes identified to move from traditional community development to social enterprise.

For example, in traditional community development - development workers seek public sector grant support for projects which limits the risk for the client and places the risk with the public sector body. In a social enterprise however, a development worker could suggest the group getting a loan – either from a High Street Bank or other lender. This would remove the risk from the public realm and place it ultimately with the group and the individual.

This could be said to represent risk shifting from the state, or public sector, to the individual group (Beck, 2004). This argument suggests communities have always relied upon the state and public sector for services. Within this research study however the origins of social enterprise lie in mutual and co-operative organisations. It could, therefore, be argued that in the wider sweep of history, communities have, through their own self help co-operative and mutual organisations, always provided health care, education, food, employment and other services. Significantly, this was always outside of the state and public sector. Also, for the most part communities have always managed risk. This is with the exception of the period of welfare capitalism, between 1948 and the 1980s.

Throughout the lifetime of this research project expectations of social enterprise had shifted from being identified with public service reform to being in someway linked to

global economic change. Other writers had linked social enterprise as a new organisational form – borne out of the fragmentation and dysfunction of the post industrial and knowledge based economy. Government had continued to place an emphasis upon the role of social enterprise within its strategy of diversifying public services (Observer, 20<sup>th</sup> November, 2005). Much of this literature echoed the themes of the exploratory literature review conducted at the commencement of this research project. The availability of good practice in assisting social enterprises – underpinned by research had as far as I was able to ascertain not improved.

Policy development relating to the voluntary and community sector had also continued to grow throughout the time of this research, culminating in the publication of *Change Up – Capacity Building and Infrastructure Framework for the Voluntary and Community Sector* (HMSO, Home Office, 2004). This document outlined the extent to which government was prepared to invest in the development of LDAs as infrastructural support organisations, able to assist voluntary and community sector organisations to improve their capacity to deliver public services. This heavy emphasis upon social enterprise, however, was not matched by a growth in academic research to underpin the policy development. Policy development also was not providing guidance to Local Development Agencies on how to assist grant funded service provision organisations move to social enterprise and sustainability.

#### **8.4 Grounded Theory Evaluation of the Research**

Having evaluated the research against the most up to date literature available at that time on social enterprise I then undertook an evaluative process of research in line



with the procedures in grounded theory. In grounded theory, there are four criteria for evaluating research (Erkut, 1994; Everitt and Hardiker, 1996; Glaser, 1978; Haslam, 1999). These are: fit; workability; relevance; modifiability. The evaluation of the research was undertaken against these criteria.

**Fit** is the first of the criteria for evaluating a grounded theory. Fit relates to the extent to which the theory, in this case the conceptual framework, fits with the data and the extent to which it can be demonstrated that as a theory it emerges from the data. After consideration my answer to this question was in the affirmative. I was able to trace the development of the theory from the comparison of data from grant funded service provision organisations through to Local Development Agencies and to show how the preliminary concepts supported the subsequent development of categories, properties and dimensions to the understanding of the Action Research Group. I was also able to show how the preliminary concepts, properties and dimensions had evolved from the different stages of the research.

**Workability** is the second criteria for evaluating a grounded theory. This refers to the extent of conceptualisation in the theory as opposed to the extent to which the theory describes the condition (Haslam, 1999). I have attempted to present the theory in a workable model, aimed at resolving the problem rather than explaining that the problem exists. While I do not make any claims for the theory beyond the context in which it has been developed, it can be seen that the theory, in making social enterprise understandable, has shown the potential to go beyond its original intent – that of enabling community development workers to understand social enterprise – to facilitating organisational change in LDAs, moving from *adapting* social enterprise,



as a service to organisations, to *adopting* social enterprise in which LDAs become more like social enterprises.

Also to support the workability of the findings of this research, I would point to the high degree of analysis throughout the research in which the interview data is constantly reworked, through the stages of open coding, constant comparison, theoretical sampling, organisation of the core categories and finally the emergent theory in the shape of a conceptual framework. There is then a full discussion by the Action Research Group of the potential of the framework to improve their ability to adopt to social enterprise. Thus, demonstrating the plausibility and credibility of the framework in the world of practice.

**Relevance** is the third of the criteria for a grounded theory evaluation. This relates to the significance of the theory to the lives of those involved in the research. I would contend that the evaluation process conducted by the Action Research Group, underpins the relevance of the social enterprise mindset model.

**Modifiability** is the final criteria by which one can evaluate grounded theory research. This refers to the openness of the theory to modification. Against modifiability - I examined the extent to which the conceptual framework had been adapted by individual LDAs through prioritising the core categories, properties and dimensions of the framework – to suit their local circumstances. Herefordshire Voluntary Action (HVA) had adapted the framework to prioritise the establishment of a trading company along side their charitable activity. This was designed to assist HVA to become sustainable through generation of income. I also realised that the in

the lifetime of the research modifiability had been limited to LDAs. The framework had therefore been subject to modification by minority groups such as disability, ethnic minority and women's groups. This would be a consideration in developing the framework in the future.

## **8.5 Conclusions to the Research Project**

In concluding the research, I want to focus upon the contribution that the research has made to theory on social enterprise and also to examine some of the areas in which research should focus in the future. This current research, contributes to the development of theory around social enterprise in the following areas. Firstly, the work identified the contribution of grant-funded service provision organisations, in that they not only deliver the services but combat social exclusion and create social capital and market exchanges in areas in which the public and private sectors have withdrawn from service provision.

Secondly, this work puts the contribution of social enterprises in a historical context. The historical context traces the origins of social enterprise back to friendly societies and co-operatives, which pre-date the provision of welfare by the state. The provision of welfare by the state can be seen to have been a recent development, whereas social enterprises have provided welfare for much longer. The work then goes on to connect social enterprise with a continuum of service provision, through the industrial age, to the post-industrial age. This connection is not made in other works relating to social enterprise and discussed within this work.

Having put social enterprise into a context, the work has then gone forward to provide a conceptual framework to enable community development workers in LDAs to adapt to social enterprise. The conceptual framework was adopted in a range of LDAs where it was recognised as having potential to assist in moving to social enterprise from grant dependency. Again, this is a unique contribution to theory around social enterprise.

The purpose of this research, in answering the research question, was to support workers located in Local Development Agencies, with a conceptual framework to guide them in moving from supporting grant-funded service provision organisations – to supporting social enterprise. From the initial research interviews, conducted with grant-funded service provision organisations, I was able to identify the role that they played and to develop four preliminary concepts to guide the development of the research in subsequent stages. The preliminary concepts were: combating social exclusion; addressing market failure; grant dependency; implementing values.

These preliminary concepts led to the formation of categories, properties and dimensions that formed a conceptual framework, the purpose of which was to guide development workers in Local Development Agencies who were confronted with a mysterious new form, social enterprise, to be able to recognise how social enterprise was different to their more traditional and risk averse support for grant funded service provision organisations.

The preliminary concepts were evaluated against the literature for each of the concepts and a further investigation was undertaken into the origins of social



enterprise. This involved extending the literature search to examples of self help and mutuality that pre-dated the provision of services by statutory agencies and revealed a radical pursuit of mutual and self help organisations to provide health care and benefits to millions of people prior to the formation of the welfare state. However, evaluation of the more recent developing literature revealed that social enterprise today is associated with a new stage of society in which the provision of universal welfare capitalism is no longer considered to be viable. Social enterprise is therefore seen as one of the organisational forms that might become involved in delivering services.

Although this stage of the literature search had revealed new expectations of social enterprise this had not been matched by a subsequent development in best practice in how to support social enterprises. Neither had there been a growth in research into how Local Development Agencies, traditionally associated with supporting grant funded service provision, might adopt their practice to incorporate social enterprise into their range of options for organisations. This piece of research therefore was seen as being of use to LDAs in coming to terms with social enterprise.

There were however, a number of limitations to the research. These should inform the development of future research into social enterprise. Firstly, as mentioned in relation to the evaluation criteria of modifiability, I was conscious that the research was conducted in a set of organisations which had self selected to take part in both the interview programmes and the Action Research Group. Therefore the research has not differentiated between the needs of different groups in society - for example Black and Ethnic Minority or disability groups who were active in the voluntary and



community sector and in grant funded service provision (Cantell, 2002). These groups had during the lifetime of this research become increasingly involved in social enterprise (Hayden, McIntosh and Rose, 2004; Howard, 2004; Newis, 2005).

The second limitation to the research was that the framework was limited to social enterprise start up. The focus of the research question was upon assisting community development workers in LDAs to understand how social enterprise was different to their more traditional role of community development. The research had increasingly focussed upon social enterprise, being involved in creating markets in deprived areas and to the-reform public services (HMSO, DTI, 2001). The conceptual framework had very much focussed upon enabling community development workers to work with groups in starting a social enterprise. In the future, those social enterprises will need assistance to grow and expand (Marsden, 2004; Pharoah, Scott and Fisher, 2004).

In future development workers will be required to continually update their skills and knowledge in order to assist further development in social enterprise, particularly if social enterprises are going to provide the high level services which government policy suggested they might provide in health, education and other areas.

These two limitations formed the basis for future planning for research and development following the completion of this work. I now looked at any possible impacts of the research in promoting research into social enterprise. Throughout the completion of the work I continued to search academic journals and university websites for new academic work that was related to my research question. There continued to be toolkits and handbooks published by government departments but

these were not founded upon research (SEL, 2003; Westall, 2001; Westall, Ramsden and Foley, 2000).

Despite my best efforts I was not able to locate any academic research in the area of social enterprise, upon which this research project was focused. At the time the research was started, knowledge in the area of study, social enterprise in the context of the voluntary and community sector, was in short supply and as far as I was able to discern. This situation had not improved throughout the lifetime of the research study. Particularly it had not improved in research focused upon the difference between the traditional activity of the voluntary and community sector and social enterprise. Academic research into social enterprise generally, and in relation to LDAs specifically, did not seem to have grown in the lifetime of this research project.

At a local level, under the auspices of the Single Regeneration Budget Action Research Programme, which was mentioned previously in this work, a range of Action Research Reports had been produced (Thompson, 2004) and had led to further mapping research at a local level in rural areas (Watkins-Young, Jackson-Read 2004). Local research had led to a growth in the exchange of information and practice across the sub regions of the West Midlands and Business Links have a group of social enterprise champions who met every six weeks to discuss initiatives around social enterprise.

While therefore, there was no growing body of academic research there was a growing tradition of undertaking research at a local level and of using the findings of the research to improve practice. Therefore, while academic research *into* social

enterprise had not grown in the time that this research has been conducted - research by social enterprises had grown appreciably. More and more groups were using research as a means for solving problems in their communities. Groups of local activists who were interested in social enterprise were undertaking research at a local level.

I want finally to reflect personally upon my five-year study of grounded theory and how it has impacted upon my learning. Firstly, I have appreciated the contribution of writers such as (Goulding, 2000; Dees 1998; Baskerville and Heje, 1999; Pandit, 1996; Bell and Bromnick, 2003) who constantly push the boundaries of grounded theory. The challenge is to constantly strive to improve grounded theory claims to validity and trustworthiness. I hope that I have been able to illustrate that validity was built into the research process through the input of the Action Research Group - and through the methods of grounded theory for data analysis.

At a personal level when first confronted with grounded theory, I thought I would find it restrictive in its structure. However, the opposite has been the case and I have found grounded theory to be enormously liberating as a means for organising data in such a way as to reveal new theories. I have been genuinely shocked by the way in which grounded theory has constantly enlarged the scope of the study into new areas, such as policy and philosophy which I did not anticipate would be the case.

Grounded theory has also improved my own abilities in analysing complex models and representing them in a useable theoretical form. As a researcher, there are a number of critical issues that make grounded theory work. The most important of



these is that the researcher must have access to both the data and the field of research. I have been very fortunate in this respect as I have been able to collect and analyse data freely.

To produce theory from grounded theory requires the researcher to move to a conceptual level. It took me a long time to develop the confidence to move from open coding to conceptualisation and to theoretical sampling. The only way that I could develop that confidence was through reading the work of those who had achieved that level of analysis and ultimately to take a risk that what I was producing was in some way a valid contribution. While the research project has been a collaborative journey, the grounded theory analysis and theory development leading to the conceptual framework was a solitary and intimate one, punctuated by moments when I was asking myself: Is this grounded theory? Ultimately, only contact with my supervisors saw me through those moments of doubt.

This does not mean to infer that grounded theory is a solitary process, it has great potential as a collaborative research method (Finch, Bell and Bromnick, 2003; Berg 2003). Confidence in and intimacy with the processes of grounded theory are necessary because emergent theory has to be owned. Furthermore, the researcher is responsible for what theories that emerge and must be able to articulate where they have come from in the data.

Therefore, the experience of employing grounded theory was the way in which the social enterprise mindset model as a theory emerged freely, without any context within my own organisation. Given the newness of the social enterprise mindset and



the literature being almost non existent, it was crucial that the theory could be implemented to some extent and then evaluated by the Action Research Group.

Conducting this research project has been a very intense journey in terms of both the subject of the research and the development of the research method. I feel that I have grown as a researcher and as a leader within my own organisation as a result of developing the research method. The experience has been an invigorating one, as much from the processes of the research – through grounded theory - as the emergent theory of the work – represented by the conceptual framework.

The framework has shown its potential to cross from social enterprise development to organisational development in the voluntary and community sector - and to move social enterprise from something that was arcane and mysterious to something that is now seen as an opportunity. I hope that I have been able to both answer the research question and explain how I have done so, to the satisfaction of the reader. Please accept my thanks for giving this work your attention.

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## Appendix I

### PARTICIPATING ORGANISATIONS

#### Data Collection and Analysis: 2000 – 2001: Interviews with Grant Funded Service Provision Organisations

<u>Name</u>	<u>Location</u>	<u>Activity</u>
Apna Home Care	Tipton	Care for elderly Asians
Big Garage	Wton	Social Enterprise
BCRS	Wbrom	Loans
Black Country LSC	Oldbury	Learning and skills
Blakenhall Credit Union	Walsall	Financial services
Btrac Services	Black Heath	Housing maintenance
Castle Fencing	Dudley	Fencing
Coachright	Princes End	Football Training
Crossing Nursery	Walsall	Childcare
DNB Recycling	Wrens Nest	Materials recycling
Disability Action Network	Sandwell	Disability advice
Dudley Community Care	Wrens Nest	Domiciliary care
Dudley Partnership	Dudley	Regeneration

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Dudley Social Business	Wrens Nest	Social firms
Goscote Food Co-op	Goscote	Food services
Goscote NRC	Goscote	Local Management
Harden Gardening Club	Harden	Gardening services
Harden Resource Centre	Harden	Local Management
Heart start	Tipton	Heart training
Key west Credit Union	Willenhall	Financial Services
Moxley Care and Share Shop	Moxley	Nearly New Clothing
North Walsall NRC	North Walsall	Local Management
St Aiden Care Team	Walsall	Care Services
Tipton Home care	Tipton	Domiciliary Care
Walsave Credit Union	Walsall	Financial Services
Walsall Community Transport	Walsall	Community Transport
Wrens Nest Food Co-operative	Dudley	Food Services

**Data Collection and Analysis: 2002-2003 – Work with the Action Research Group and Interviews with Local Development Agencies**

All Saints Action Network	Wolverhampton	Social Enterprise Support
Community First	Worcester	Voluntary Sector Support
Herefordshire Council	Hereford	Social Enterprise Support
Hereford Voluntary Action	Hereford	Voluntary Sector Support
Tipton Community Enterprise	Tipton	Social Enterprise Support

Wton Network Consortium	Wolverhampton	Network Coordinators
Windrush	Wolverhampton	Business Support

**Members of the Action Research Group**

Association of British Credit Unions Ltd

Co-operatives UK

Community First Ltd

Co-operation Black Country Ltd

Coventry and Warwickshire Co-operative Development Agency Ltd

Herefordshire Voluntary Action

Newcastle Under Lyne CVS.

Robert Owen Society Ltd

Voluntary Action Stoke on Trent

West Midlands Co-operative and Mutual Council Ltd